92-2244

A	AMERICAN CAPITAL HOLDINGS INC	10Q	01-31-92
B	AMERICAN POWER CONVERSION CORP	10Q	03-31-92
C	BIOPLASTY INC	10Q	01-31-92
D	CARDIAC SCIENCE INC	10Q	03-31-92
E	CERTRON CORP	10Q	01-31-92
F	CHAMPIONS SPORTS INC	10Q	01-31-92
G	COACHMAN INC	10Q	03-31-92
H	COLOR TILE INC	10Q	03-29-92
I	COMMERCIAL ACQUISITIONS CORP	10Q	01-31-92
J	COOPER LIFE SCIENCES INC	10Q	01-31-92
K	DATABASE TECHNOLOGIES INC	10Q	01-31-92
L	FERRELL COMPANIES INC	10Q	01-31-92
L	FERRELLGAS INC	10Q	01-31-92
L	ONE LIBERTY OIL CO	10Q	01-31-92
M	GANDALF TECHNOLOGIES INC	10Q	01-25-92
N	IMPERIAL PETROLEUM INC	10Q	01-31-92
O	INCE IV INC	10Q	01-31-92
P	MARINE SPORTS INC	10Q	01-31-92
Q	METAL ARTS CO INC	10Q	03-31-92
R	TGC INDUSTRIES INC	10Q	03-31-92
S	UNION CAMP CORP	10Q	06-30-92
T	WOODHEAD INDUSTRIES INC	10Q	03-28-92
U	ZILA INC	10Q	01-31-92
V	FAIRVIEW MOUNTAIN GOLD INC	10Q	01-31-92

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended: January 31, 1992

Commission File Number: ~~0-1155~~ 0-17612

American Capital Holdings, Inc.
(Exact name of registrant as specified in its chapter)

Delaware (State or other jurisdiction of incorporation or organization)	62-1367125 (I.R.S. Employer Identification No.)
1400 Main Street Columbia, South Carolina (Address of principle executive offices)	29201 (Zip Code)

(803) 765-1440
(former name, former address and former fiscal year, if changed since last report).

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding at March 20, 1992
Common Stock, $0.10 Par Value	8,804,575 Shares

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AMERICAN CAPITAL HOLDINGS, INC.

PART I. FINANCIAL INFORMATION

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PART II. OTHER INFORMATION

ITEM 6
Exhibits and Reports on Form 8-K

(a) Exhibits
None

(b) Reports on Form 8-K:
Current Report on Form 8-K filed on October 16, 1991 reporting under ITEM 2 the disposition of assets.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

AMERICAN CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In Thousand of Dollars)

	January 31, 1992	April 30, 1991
Assets		
Cash and cash equivalents	$ 5	153
Notes receivable, net of an allowance of $236,000 in January and $165,000 in April	2	80
Accrued interest receivable	-	3
Other receivables	105	125
Real estate held for sale:		
Completed homes	110	-
Homes under construction	43	-
Property, equipment and other assets, net	36	72
	$ 301	433
Liabilities and Stockholders' Equity		
Liabilities:		
Short-term debt	$ -	32
Construction payable	53	-
Accounts payable	21	35
Accrued liabilities	23	65
Customer contract deposits on homes	4	-
Long-term debt	-	29
	101	161
Stockholders' equity:		
Common stock, $.10 par value; 30,000,000 shares authorized, 8,804,575 issued and outstanding	880	880
Additional paid-in capital	16,603	16,603
Deficit in retained earnings	(17,283)	(17,211)
	200	272
Commitments and contingencies	--	--
	$ 301	433

See accompanying notes to consolidated financial statements.

AMERICAN CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(In Thousands, except per share data)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	1992	1991	1992	1991
Revenues:				
Condominium sales	$ --	--	--	585
Marketing and leasing services	1	127	192	314
Interest	1	6	9	41
Other	--	--	--	27
	2	133	201	967
Costs and expenses:				
Costs of condominium sales	--	--	--	411
Marketing and leasing services	1	78	158	192
Selling and marketing	25	--	25	165
General and administrative	136	159	367	668
Interest	--	1	2	21
Other, net	7	--	74	91
	169	238	626	1,548
Loss from continuing operations before income taxes and extraordinary item	(167)	(105)	(425)	(581)
Provision for income taxes	--	--	--	--
Loss from continuing operations before extraordinary item	(167)	(105)	(425)	(581)
Discontinued operations:				
Loss from operations, net of applicable income taxes	--	--	--	(291)
Loss on disposal, net of applicable income taxes	--	--	--	(61)
Gain on November, 1990, disposal from recognition of prior receivables, net of applicable income taxes	--	--	321	--
	0	0	321	(352)
Extraordinary items:				
Tax benefit from utilization of net operating loss carryforwards	--	--	32	--
Net income (loss)	$ (167)	(105)	(72)	(933)

(Continued)

		Three Months Ended January 31, 1992	Three Months Ended January 31, 1991	Nine Months Ended January 31, 1992	Nine Months Ended January 31, 1991
Income (Loss) per share:					
Loss from continuing operations before extraordinary item	$	(0.019)	(0.012)	(0.048)	(0.067)
Income (loss) from discontinued operations				0.036	(0.040)
Extraordinary item				0.004	--
Net income (loss) per share	$	(0.019)	(0.012)	(0.008)	(0.107)
Number of shares outstanding		8,804,575	8,804,575	8,804,575	8,804,575

See accompanying notes to consolidated financial statements.

AMERICAN CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
Nine Months Ended January 31, 1992 and 1991
(In Thousands)

	1992	1991
Cash flows from operating activities:		
Net income (loss)	$ (72)	(933)
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Depreciation and amortization	10	39
Loss (gain) on disposal of discontinued operations	(353)	61
Reserve for bad debts, net	98	--
Gain on sale of equipment	(42)	--
Changes in assets and liabilities:		
Decrease in mortgage notes receivable	--	20,583
Decrease in accrued interest and other receivables	26	1,380
Increase in notes receivable	(20)	--
Decrease in real estate held for sale	--	5,051
Decrease in other assets	--	35
Decrease in retainage and construction payable	--	(630)
Decrease in accounts payable	(14)	(319)
Decrease in accrued liabilities	(47)	(2,967)
Decrease in escrow deposits	--	(121)
Decrease in bonds payable	--	(20,154)
Decrease in notes payable	--	(329)
Net cash provided (used) by operating activities	(414)	1,696
Cash flows from investing activities:		
Increase in notes receivable	--	(96)
Increase in real estate held for sale	(153)	(73)
Increase in other receivables	(3)	--
Payments received on mortgage notes receivable	--	677
Originations of mortgage notes receivable	--	(3,618)
Sale of mortgage notes receivable	--	4,080
Issuance of common stock	--	4
Purchase of equipment	(5)	—
Proceeds from sale of equipment	84	--
Increase in other assets	(11)	--
Net equity in discontinued operations	353	(61)
Increase in construction payable	53	—
Increase in accrued liabilities	5	--
Increase in customer contract deposits on homes	4	--
Net cash provided by investing activities	327	913

(Continued)

	1992	1991
Cash flows from financing activities:		
Payments on long-term debt	(32)	(525)
Net decrease in short-term debt	(29)	(3,598)
Net cash used by financing activities	(61)	(4,123)
Net increase (decrease) in cash and cash equivalents	(148)	(1,514)
Cash and cash equivalents at beginning of period	153	1,816
Cash and cash equivalents at end of period	$ 5	302

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
January 31, 1992 and 1991

1. Basis of Presentation:

The interim financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. This information reflects all adjustments which are, in the opinion of management, necessary to present fairly the consolidated balance sheets, as of January 31, 1992 and the consolidated statements of operations and changes in cash flows for the nine months ended January 31, 1992 and 1991. All such adjustments are of a normal recurring nature unless otherwise noted herein. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Commission.

Certain prior year amounts have been reclassified to conform with the current year presentation and to achieve consistency between periods.

2. Earnings Per Share:

Earnings per share have been computed based on weighted average number of shares outstanding during the period. Outstanding stock options have been included, as common stock equivalents, if the effect of inclusion were dilutive.

3. Recent Accounting Pronouncements

The Financial Accounting Standards Board has issued statement of financial accounting standards (SFAS) 96 "Accounting for Income Taxes". Management has determined that adoption of the standard would not have a material impact on the 1992 consolidated financial statements. The Company plans to adopt this statement when required.

4. Discontinued Operations:

As more fully described in the Company's annual report filed on Form 10-K for the year ended April 30, 1991, certain subsidiaries were sold during the fiscal year and the sale was reported on a Form 8-K dated November 27, 1990. The above Forms 10-K and 8-K are hereby incorporated by reference.

Revenues of the subsidiaries sold were approximately $1,547,000 for the nine months ended January 31, 1991.

At the date of disposition in fiscal 1991, the Company reserved all receivables due from the subsidiaries sold as a result of uncertainty as to the collection thereof.

The accompanying 1992 consolidated statements of operations reflect a before tax gain of $353,000 ($392,000 before expenses) as a result of final settlement of the original $750,000 in receivables. As of January 31, 1992, the Company had received $263,000 of the gain with the balance of $90,000 due in June, 1992.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Total assets decreased by 30.5% and total liabilities decreased by 37.3% from April 30, 1991 to January 31, 1992. The primary cause of both decreases was the sale of telecommunication equipment as reported by the Company on Form 8-K dated October 16,1991.

From October 31, 1991, to January 31, 1992, total assets decreased by 24.2% while total liabilities increased by 236.7% (or $71,000). The reduction in assets was primarily the result of the loss from operations for the three month period. The increase in liabilities was primarily the result of the Company's entry into the affordable housing market in Central Florida, as reported in the Company's October 31, 1991, Form 10-Q.

The primary focus of the Company is to option lots and pre-sell homes with construction to be performed by third party builder(s). Wholly owned subsidiaries of the Company have acquired options on approximately 150 lots and have obtained 25 contracts for homes, as of the date of this report, with an aggregate contract total of $1,629,000.

To establish relationships with third party builders and to assist marketing, the Company acquired four lots and started construction to demonstrate the different models available.

Two of these models were substantially complete at January 31, 1992, with both homes sold and closed as of the date of this report. (See also Capital Resources, Debt and Liquidity).

It is the intent of the Company to contract with third party builders to construct the remaining homes under contract as well as all new contracts received. This will allow the Company to devote its efforts to option lots and pre-sell homes in accordance with the Company's plan for the immediate future.

Comparison of Nine Months Ended January 31:

Revenues and costs decreased by 79.2% and 59.6%, respectively, in 1992 over 1991. The primary factors causing a reduction in revenue were the election not to initiate new condominium developments (63.3%), the cessation of marketing contracts, and the sale of leased telecommunication equipment (12.6%). These reductions were influenced by the current depressed, economic environment for resort condominiums and the significant liquidity required for condominium development.

The reductions in condominium development and marketing/leasing activities resulted in cost decreases of 40.6%. General and administrative reductions resulted in cost decreases of 23% with an increase of 3.6% due to entry into the affordable housing environment. The entire selling and marketing expenses in 1992 were attributable to affordable housing.

Comparison of Three Months Ended January 31:

Revenues and costs decreased by 98.5% and 29.0%, respectively, in 1992 over 1991. The revenue reduction was primarily the result of the cessation of marketing/leasing activities (94.7%) which also accounted for cost decreases of 32.7%. General and administrative reductions resulted in cost decreases of 26.9% with an increase of 17.2% due to entry into affordable housing for a net reduction of 9.7%. Selling and marketing costs for affordable housing increased costs by 10.5%. The remaining change in costs was an increase of 2.9% attributable to Other, net.

The change in discontinued operations is the same for the three months as the nine months discussed above.

Capital Resources, Debt and Liquidity

As more fully discussed herein, the Company is pursuing third party builders to construct its backlog of pre-sold homes. It is anticipated that the Company will be successful and that closings will generate positive cash flow to meet or exceed current operating requirements. The four lots purchased and the two completed model homes were accomplished without financing. Subsequent to January 31, 1992, financing was obtained for the remaining two model homes.

The Company expects to have sufficient capital for the remainder of its 1992 fiscal year. However, should liquidity problems develop the Company will further contract operations and consider raising additional capital by the sale of the pre-sold contract backlog, financings, issuance of debt or other securities.

AMERICAN CAPITAL HOLDINGS, INC.

INDEX TO EXHIBITS

ITEM 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:

None

(b) Reports on Form 8-K:

Current Report on Form 8-K filed October 16, 1991 reporting under Item 2 the disposition of assets.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date March 20, 1992

M. Jack Quick
President and Chief Financial Officer

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

(Mark One) Q 35591

(X) QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from____________ to__________

COMMISSION FILE NUMBER 0-17126

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AMERICAN POWER CONVERSION CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MASSACHUSETTS	04-2722013
[illegible] OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

132 FAIRGROUNDS ROAD, WEST KINGSTON, RHODE ISLAND 02892
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: 401-789-5735

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS TO BE FILED BY SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES _X_ NO

THE NUMBER OF SHARES OUTSTANDING OF THE REGISTRANT'S COMMON STOCK, $.01 PAR VALUE, ON MAY 11, 1992 WAS 21,574,083 SHARES.

FORM 10-Q
MARCH 31, 1992

AMERICAN POWER CONVERSION CORPORATION
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PART I - CONSOLIDATED FINANCIAL STATEMENTS

ITEM 1 - FINANCIAL STATEMENTS

AMERICAN POWER CONVERSION CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS

	MARCH 31, 1992 (UNAUDITED)	DECEMBER 31, 1991
CURRENT ASSETS:		
CASH AND CASH EQUIVALENTS	$13,038,198	$12,169,384
ACCOUNTS RECEIVABLE, LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF $808,849 IN 1992 AND $455,849 IN 1991	15,126,695	12,907,349
INVENTORIES:		
RAW MATERIALS	13,956,061	11,709,804
WORK-IN-PROCESS AND FINISHED GOODS	12,977,190	8,951,281
NET INVENTORIES	26,933,251	20,661,085
PREPAID EXPENSES AND OTHER CURRENT ASSETS	360,079	294,185
DEFERRED INCOME TAXES	1,077,212	877,212
TOTAL CURRENT ASSETS	56,535,435	46,909,215
PROPERTY AND EQUIPMENT:		
LAND AND BUILDING	2,497,071	2,068,505
PRODUCTION EQUIPMENT	7,476,669	6,875,019
OFFICE EQUIPMENT AND FURNITURE	2,602,112	1,841,809
PROJECTS IN PROCESS	2,503,113	2,503,113
	15,078,965	13,288,446
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION	2,613,010	2,193,010
NET PROPERTY AND EQUIPMENT	12,465,955	11,095,436
OTHER ASSETS, NET OF AMORTIZATION	18,150	168,666
TOTAL LONG TERM ASSETS	12,484,105	11,264,102
TOTAL ASSETS	$69,019,540	$58,173,317

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AMERICAN POWER CONVERSION CORPORATION
BALANCE SHEETS (CONTINUED)

LIABILITIES AND SHAREHOLDERS' EQUITY

	MARCH 31, 1992 (UNAUDITED)	DECEMBER 31, 1991
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	$ 9,263,917	$ 5,401,618
ACCRUED EXPENSES	2,445,464	1,609,246
ACCRUED COMPENSATION	1,760,334	2,069,027
ACCRUED CONTRIBUTIONS TO EMPLOYEE STOCK OWNERSHIP PLAN	556,306	653,013
INCOME TAXES PAYABLE	2,455,266	1,233,977
CURRENT INSTALLMENTS OF LONG-TERM DEBT	3,040,000	3,040,000
TOTAL CURRENT LIABILITIES	19,521,287	14,006,881
DEFERRED TAX LIABILITY	514,000	514,000
TOTAL LIABILITIES	20,035,287	14,520,881
SHAREHOLDERS' EQUITY:		
COMMON STOCK, $.01 PAR VALUE; AUTHORIZED 25,000,000 SHARES IN 1992 AND 1991 ISSUED AND OUTSTANDING 21,573,144 SHARES IN 1992 AND 21,521,445 IN 1991	215,731	215,214
ADDITIONAL PAID-IN CAPITAL	9,609,893	8,879,109
RETAINED EARNINGS	39,158,629	34,558,113
TOTAL SHAREHOLDERS' EQUITY	48,984,253	43,652,436
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$69,019,540	$58,173,317

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AMERICAN POWER CONVERSION CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)

	THREE MONTHS ENDED	
	MARCH 31, 1992	MARCH 31, 1991
Net Sales	$30,841,168	$17,384,448
Cost of goods sold	15,927,102	9,428,743
Gross Profit	14,914,066	7,955,705
Operating expenses:		
Research and Development	1,033,373	532,454
Selling, General and Administrative	6,784,727	4,112,298
Total Operating Expenses	7,818,100	4,644,752
Operating Income	7,095,966	3,310,953
Other income (deductions)		
Interest Income	96,579	91,967
Interest expense	64,029	70,965
Earnings before income taxes	7,128,516	3,331,955
Income Taxes	2,528,000	1,166,184
Net Earnings	$ 4,600,516	$ 2,165,771
Earnings per Share	$ 0.20	$ 0.10
Weighted average shares outstanding	22,930,656	22,250,510

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

American Power Conversion Corporation
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended	
	MARCH 31, 1992	MARCH 31, 1991
Cash flows from operating activities:		
Net Earnings	$ 4,600,516	$ 2,165,771
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	420,000	224,940
Provision for losses on accounts receivable	353,000	265,337
Increase in accounts receivable	(2,572,346)	(108,960)
Increase in inventories	(6,272,166)	(2,961,901)
Increase in prepaid expenses and other current assets	(65,894)	(25,335)
Decrease in other assets	150,516	4,752
Increase in deferred taxes	(200,000)	-
Increase in accounts payable	3,862,299	75,677
Increase in accrued expenses	430,818	23,338
Increase in income taxes payable	1,221,289	265,271
Net cash provided by (used in) operating activities	1,928,032	(71,110)
Cash flows from investing activities:		
Capital expenditures	(1,790,519)	(1,194,861)
Net cash used in investing activities	(1,790,519)	(1,194,861)
Cash flows from financing activities:		
Issuance of common stock	731,301	617,632
Net cash provided by financing activities	731,301	617,632
Net increase (decrease) in cash and cash equivalents	868,814	(648,339)
Cash and cash equivalents at begining of period	12,169,384	3,007,053
Cash and cash equivalents at end of period	$13,038,198	$ 2,358,714

The Company paid $0 and $70,965 for interest and $1,506,711 and $900,913 for income taxes for the three month periods ended March 31, 1992 and 1991, respectively.

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

(1) MANAGEMENT REPRESENTATION: In the opinion of management, the accompanying unaudited interim financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position and the results of operations for the interim periods. The results of operations for the interim period are not necessarily indicative of results to be expected for the full year.

(2) PER SHARE DATA: Earnings per common share are based on the weighted average number of shares of common stock and dilutive common stock options and warrants outstanding during each period.

(3) STOCK SPLIT: The Financial Statements reflect the two-for-one stock split in the form of a dividend that was completed on December 6, 1991.

(4) RECLASSIFICATIONS: Certain amounts for 1991 have been reclassified to conform with the 1992 reporting format.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS:

NET SALES: Net sales for the first quarter of 1992 increased 77.4% compared to the same period in 1991. The increase in net sales was primarily attributable to greater penetration into the international markets and continued expansion in domestic markets and sales to original equipment manufacturers.

GROSS PROFIT: Gross profit as a percentage of net sales for the three month period ended March 31, 1992 increased to 48.4.% from 45.8% for the same period last year. The increase in gross profit percentage is primarily attributable to increased manufacturing efficiencies gained from automation and a higher margin product mix.

OPERATING EXPENSES: Operating expenses, which include Selling, General and Administrative, and Research and Development expenses, decreased to 25.3% from 26.7% of net sales for the three month period ended March 31, 1992 compared to the same period one year ago. The decrease in the percentage of operating expenses to net sales was primarily attributable to fixed expenses spread over a higher revenue base.

OTHER INCOME, EXPENSES: Other income increased by $11,548 for the three months ended March 31, 1992 compared to the same period a year ago. The Company currently invests all of its excess cash in low risk, short-term interest bearing instruments.

RESULTS OF OPERATIONS (CONTINUED):

PROVISION FOR INCOME TAXES: The Company's effective tax rate was approximately 35% for the periods ended March 31, 1992 and 1991, respectively.

LIQUIDITY AND CAPITAL RESOURCES: Working capital at March 31, 1992 was $37,014,148 compared to $32,902,334 at December 31, 1991. The primary reason for the Company's increased liquidity in 1992 was proceeds generated from operations. The Company anticipates its cash requirements for the foreseeable future will be satisfied by cash flow from operations, existing cash and, if needed, short-term borrowings or proceeds from the sale of additional equity.

At March 31, 1992, the Company had available for future borrowings $5,000,000 under an unsecured line of credit facility, payable on demand, with no commitment fee required on the unused portion. The line of credit bears interest at the bank's prime rate. Additionally, the Company has available a $10,000,000 unsecured line of credit facility that matures December 1992. This facility bears interest at the prime rate or at the bank's cost of funds rate plus one and one-quarter percent, at the election of the Company. The Company has not drawn any advances under these facilities through March 31, 1992.

PART II - OTHER INFORMATION

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8 - K

(A) EXHIBITS: EXHIBIT NO. 11 - COMPUTATION OF EARNINGS PER SHARE

(B) REPORTS ON FORM 8-K

NO REPORT ON FORM 8-K WAS FILED BY AMERICAN POWER CONVERSION CORPORATION DURING THE QUARTER ENDED MARCH 31, 1992.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED THEREUNTO DULY AUTHORIZED.

AMERICAN POWER CONVERSION CORPORATION

DATE: MAY 14, 1992 Rodger B. Dowdell Jr.

RODGER B. DOWDELL, JR.

CHAIRMAN AND PRESIDENT

(PRINCIPAL EXECUTIVE OFFICER

AND PRINCIPAL FINANCIAL OFFICER)

EXHIBIT 11

American Power Conversion Corporation
Computation of Earnings Per Share

	Three Months Ended March 31, 1992 (Unaudited)	Three Months Ended March 31, 1991 (Unaudited)
Primary:		
Weighted average shares outstanding	21,559,177	21,230,140
Net effect of dilutive stock options and warrants based on the treasury stock method using the average market price	1,371,479	1,015,184
Total	22,930,656	22,245,324
Net Income	$ 4,600,516	$ 2,165,771
Per share amount	$ 0.20	$ 0.16
Fully Diluted:		
Weighted average shares outstanding	21,559,177	21,230,140
Net effect of dilutive stock options and warrants based on the treasury stock method using the period end market price	1,364,324	1,020,370
Total	22,923,501	22,250,510
Net income	$ 4,600,516	$ 2,165,771
Per share amount	$ 0.20	$ 0.10

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended January 31, 1992 | Commission File Number 0-10859

BIOPLASTY, INC.

L3Q

PROCESSED BY
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MAR 19 1992

State of Incorporation: Minnesota
I.R.S. Employer Identification No.: 41-0972771

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Executive Offices: 1385 Centennial Drive, St. Paul, Minne
Telephone Number: (612) 636-4112

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No____

On January 31, 1992 there were 4,039,150 shares of the Registrant's $.01 par value common stock outstanding.

BEST COPY
AVAILABLE

PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BIOPLASTY, INC.

CONSOLIDATED BALANCE SHEETS

ASSETS

	January 31, 1992	July 31, 1991
CURRENT ASSETS		
Cash and cash equivalents	$ 6,356,945	$ 9,093,322
Short-term investments	1,100,000	1,100,000
Accounts receivable		
Trade, less allowance for doubtful accounts of $285,000	1,059,793	1,643,538
Affiliates	750	11,183
Refundable income taxes	547,000	
Inventories	1,837,026	1,827,305
Prepaid expenses	622,632	101,203
Deferred income taxes	235,000	185,000
Total current assets	11,759,146	13,961,551
PROPERTY, PLANT & EQUIPMENT, AT COST		
Land	680,000	230,000
Building and improvements	420,584	420,584
Equipment	1,445,005	1,021,268
	2,545,589	1,671,852
Less accumulated depreciation and amortization	(940,168)	(847,237)
	1,605,421	824,615
OTHER ASSETS		
Deferred income taxes		42,000
Intangibles, net of accumulated amortization	435,021	364,272
Cash value of life insurance	38,575	36,981
	473,596	443,253
	$ 13,838,163	$ 15,229,419

BIOPLASTY, INC.

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY

	January 31, 1992	July 31, 1991
CURRENT LIABILITIES		
Current maturities - long-term debt	$ 43,442	$ 36,137
Accounts payable		
Trade	646,274	536,409
Affiliates	321,230	194,394
Accrued liabilities		
Compensation and payroll taxes	361,085	418,400
Directors' Royalties	18,704	209,297
Litigation Settlement	3,300,000	
Other	341,170	178,879
Income taxes payable	25,000	209,000
Total current liabilities	5,056,905	1,782,516
LONG-TERM DEBT, LESS CURRENT MATURITIES	337,734	329,990
SHAREHOLDERS' EQUITY		
Common stock $.01 par value; 12,000,000 shares authorized; 4,039,150 shares outstanding at January 31, 1992 and 4,005,518 at July 31, 1991	40,391	40,055
Capital in excess of par value	12,978,863	12,868,774
Retained earnings (deficit)	(4,616,870)	221,495
Cumulative translation adjustment	41,140	(13,411)
	8,443,524	13,116,913
	$ 13,838,163	$ 15,229,419

BIOPLASTY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended January 31,		Six Months Ended January 31,	
	1992	1991	1992	1991
Net revenue	$ 1,778,862	$ 3,068,391	$ 4,377,288	$ 5,519,503
Cost of revenue	1,074,050	816,017	2,028,262	1,671,839
Gross profit	704,812	2,252,374	2,349,026	3,847,664
Selling, general and administrative	5,621,078	1,697,937	8,093,872	3,059,580
Operating income (loss)	(4,916,266)	554,437	(5,744,846)	788,084
Other income (expense)				
Interest and dividend income	93,190		219,219	
Interest expense	(12,373)	(22,492)	(29,946)	(36,546)
Foreign currency transactions	63,159	1,818	146,596	(2,867)
Miscellaneous	112	(6,917)	1,612	4,723
Income (loss) before taxes	(4,772,178)	526,846	(5,407,365)	753,394
Income tax expense (benefit)	(403,215)	103,013	(569,000)	188,500
NET INCOME (LOSS)	$ (4,368,963)	$ 423,833	$ (4,838,365)	$ 564,894
Net income (loss) per common and common equivalent share	$ (1.09)	$ .13	$ (1.21)	$ .18
Weighted average number of common and common equivalent shares outstanding	4,024,425	3,157,124	4,010,350	3,130,142

BIOPLASTY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended January 31,	
	1992	1991
Increase (decrease) in cash		
Net cash used in operating activities	$ (1,948,787)	$ (99,882)
Cash flows from investing activities:		
Payments for property, plant and equipment	(841,236)	(265,320)
Payments for intangible assets	(91,720)	(43,439)
Net cash used in investing activities	(932,956)	(308,759)
Cash flows from financing activities:		
Net borrowings under line-of-credit agreement		125,000
Proceeds from long-term obligations		82,634
Payments on long-term obligations	(17,451)	(15,328)
Proceeds from issuance of common stock	110,425	35,722
Net cash provided from financing activities	92,974	228,028
Effect of exchange rate changes on cash	52,392	45,002
Net decrease in cash and cash equivalents	(2,736,377)	(135,611)
Cash and cash equivalents at beginning of period	9,093,322	373,402
Cash and cash equivalents at end of period	$ 6,356,945	$ 237,791

FOOTNOTES TO THE INTERIM FINANCIAL STATEMENTS

(1) The interim financial statements are unaudited, but in the opinion of management, reflect all adjustments necessary for a fair presentation of results for such periods. All such adjustments are of a normal recurring nature, except that reserves totalling approximately $4.5 million have been established for shareholder, former employee and product liability lawsuits, breast implant inventory write-downs, and for future returns of silicone breast implants.

The results of operations for any interim period are not necessarily indicative of results for the full year. These financial statements should be read in conjunction with the audited financial statements and notes thereto contained on the Company's annual report for the year ended July 31, 1991.

(2) Subsequent to the issuance of the Company's July 31, 1992 financial statements, the Food and Drug Administration ("FDA") has held a series of public hearings concerning the appropriateness of continuing to allow manufacturers to market silicone breast implants. On January 6, 1992, the FDA requested all manufacturers to comply with a voluntary moratorium on further sales pending additional public hearings on the safety of the silicone implants. At the conclusion of these additional hearings on February 20, 1992, the panel recommended to the FDA that it severely limit the future sale of silicone implants. By April 20, 1992, the FDA is expected to make another determination regarding the Pre-Market Approval ("PMA") Applications covering the silicone gel-filled breast implants and the future marketability of such products in the U.S.

The FDA has indicated that the PMA submitted by the Company covering its silicone gel-filled mammary prostheses contained significant deficiencies and potential improprieties regarding the scientific data submitted to support the products' safety and efficacy. However, on March 5, 1992, the Company withdrew from the FDA the PMA covering its silicone gel-filled breast implants and the IDEs covering the MISTI GOLD breast implants and the Uroplastique Micro-Implants. Withdrawal of the silicone implant PMA precludes any future U.S. sales of the products, and precludes their export to foreign markets. The MISTI Silicone implants have also been withdrawn from the market by requesting that customers return any product not yet implanted. The Company intends to resubmit the IDEs on MISTI GOLD and Uroplastique, the approval of which by the FDA would initiate the start of clinical studies on the products in the U.S. Requests for export authorizations will also be made to the FDA for MISTI GOLD and Uroplastique, which are typically granted in situations where IDEs are on file and foreign country import approval has been obtained.

Future sales of silicone gel-filled mammary prostheses in foreign markets could be detrimentally impacted by the on-going and ultimate determinations made by the FDA regarding the products and by the Company's withdrawal of its PMA covering the MISTI silicone gel-filled breast implants.

(3) The Company has various litigation which has been summarized in Note 8 to the consolidated financial statements contained in the 1992 Annual Report to Shareholders on Form 10-K.

The Company and certain of its existing and former officers and directors were named as defendants by a former employee who alleged wrongful termination. In December, 1991 the Company settled this lawsuit which resulted in a charge to operations of $220,000 in the quarter ended October 31, 1991.

In February, 1992, the Company and plaintiffs' attorneys signed a Memorandum of Understanding whereby the Company agreed to pay $1.7 million in cash and to issue warrants valued at approximately $1.6 million to settle pending alleged class action securities litigation, which alleges fraud and misrepresentation regarding the Company's disclosure of the regulatory status with the FDA of certain mammary prostheses products. A change to operations of $3.3 million has been made in the second quarter ending January 31, 1992. The Memorandum is not binding, and the proposed settlement is subject to several conditions.

On November 27, 1991, McGahn Medical Corporation, a competitor of the Company and subsidiary of Inamed Corporation, served the Company with a lawsuit filed against it and certain of its officers in United States District Court, District of Minnesota for allegedly infringing on McGahn's United States Patents on mammary implant prostheses. Relief being sought by McGahn Medical Corporation includes a preliminary and final injunction against further infringement by defendants, a judgment for damages and costs and attorney's fees.

The Company has been served with several product liability complaints alleging personal injury from its mammary prostheses products. Some of these complaints are seeking class action status. Costs and ultimate losses associated with these claims are not currently estimatable.

(4) In mid-February 1992, the Company announced that its urological business would be transferred to a separate corporation, and then the shares of that corporation would be distributed to Bioplasty shareholders as a stock dividend. The separate corporation will be named Uroplasty, Inc., and the stock dividend will be made after all definitive transfer documents have been properly executed and the Uroplasty, Inc. stock has been properly registered pursuant to state and federal securities regulations. The urological business to be transferred is comprised of tangible net assets in a yet undetermined amount together with the Uroplasty business, which accounted for less than 1% of net revenues in fiscal 1991. Clinical studies of Uroplastique™ Micro-Implants have been conducted overseas, with what management feels are successful results, and marketing authority has been received in certain foreign countries although no significant revenues have yet been generated. No U.S. regulatory authorization has been received on the Uroplastique™ Micro-Implants, however, the Company is hopeful that U.S. clinical studies will eventually be initiated.

(5) Refundable income taxes of $574,000 recorded in the accompanying financial statements represent taxes paid in prior years to be received upon carryback of the current period losses. As of January 31, 1992, there exists net operating loss carryforwards of approximately $3.9 million. Domestic net deferred tax charges, representing the effects of differences in recognizing certain income and expense items for financial reporting and tax purposes, have not been recorded since realization of such amounts is not assured. When the existing net operating loss carryforwards for financial statement purposes have been fully utilized in subsequent years, the amounts eliminated from the deferred tax accounts will be reinstated, to the extent they have not been reversed.

(6) On February 25, 1992, Mr. Arthur A. Beisang resigned as Chairman of the Board and Chief Executive Officer of Bioplasty, Inc. On March 1, 1992, another director and a director/officer resigned. Both Mr. Beisang and the director/officer have taken director and officer positions with Uroplasty, Inc., a wholly-owned subsidiary of Bioplasty, Inc.

The Board of Directors of the Company have appointed Daniel G. Holman to succeed Mr. Beisang as Chairman of the Board, while Mr. Timothy P. Lawin was appointed to the position of Chief Executive officer, in addition to his current role as President of Bioplasty, Inc. The Board of Directors and management will decide at a later date whether to fill the vacancies created by the resignations of these individuals.

ITEM 2. MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

At January 31, 1992 the Company had working capital of $6,702,241 and a current ratio of 2.33 to 1 compared to working capital of $12,179,035 and a current ratio of 7.83 to 1 at July 31, 1991. Decreases in working capital and the current ratio are attributable primarily to approximately $4.5 million of reserves established for various existing lawsuits, breast implant inventory write-downs, and future breast implant returns. Additionally, cash has been used in operations due primarily to the elimination of sales of breast implants in the U.S. marketplace, and the increased costs incurred to manage existing legal and regulatory activities.

Net revenue for the three months ended January 31, 1992 was $1,778,862 compared to $3,068,391 or a 42% decrease from sales for the three months ended January 31, 1991. Net revenue for the six months ended January 31, 1992 was $4,377,288 or an 21% decrease compared to the six months ended January 31, 1991. The decreases in revenues for the three and six month periods ending January 31, 1992, are a result of the elimination of sales in the U.S. of breast implants and the establishment of reserves for future returns of silicone gel-filled breast implants as of January 31, 1992. The elimination of breast implant sales in the U.S. is the result of the regulatory controversies affecting the breast implant industry.

Operating expenses for the three months ended January 31, 1992 were $ 5,621,078 compared to $1,697,937 for the three months ended January 31, 1992. Operating expenses for the six months ended January 31, 1992 and 1991 were $8,093,872 and $3,059,580, respectively. The escalation of operating expenses is primarily the result of the abovementioned reserves established and increased costs incurred for legal and regulatory activities.

Although the financial condition of the Company is currently strong, its future success is dependent upon the outcome of various contingencies. Included among those contingencies are the current and any future product liability lawsuits regarding the Company's breast implants products, final settlement of the shareholder suit, and the maintenance of existing worldwide marketing authorizations and receipt in the future of necessary marketing authorization for its products, including MISTI GOLD breast implants and Bioplastique and Uroplastique Micro-Implants.

PART II. OTHER INFORMATION

ITEM 5. Other Information

None of the items contained in Part II of Form 10-Q are applicable to the Company for the quarter ended January 31, 1992.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BIOPLASTY, INC.

March 13, 1992

BY: Donald

Donald A. Major
Vice President of Finance
Chief Financial Officer

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities on the dated indicated.

Donald Donald A. Major	Vice President of Finance (Chief Financial Officer)	March 13, 1992
Timothy P. Lawin	President (Chief Executive Officer)	March 13, 1992

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 10-Q

(Mark One)

[✓] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

BEST COPY AVAILABLE

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

137-13

PROCESSED BY
MAY 13 1992

Commission file number 0-19567

CARDIAC SCIENCE, INC.
(Exact name of registrant as specified in its charter)

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

DELAWARE	33-0465681
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
9975 Toledo, Irvine, California	92718
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (714) 587-0357

Not Applicable
(Former name, former address and former fiscal year, if changed, since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

The number of shares of the Common Stock of the registrant outstanding as of April 30, 1992 was 6,027,448

CARDIAC SCIENCE, INC.

INDEX TO FORM 10-Q

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CARDIAC SCIENCE, INC.

BALANCE SHEET

ASSETS

	December 31, 1991	March 31, 1992 (Unaudited)
Current assets:		
Cash and equivalents	$ 11,263	$ 371
Total current assets	11,263	371
Equipment, at cost	8,512	8,512
Less accumulated depreciation	(1,318)	(1,741)
Equipment, net	7,194	6,771
	$ 18,457	$ 7,142

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 1991	March 31, 1992 (Unaudited)
Current liabilities:		
Accounts payable	$ 0	$ 35,037
Accrued interest	8,299	15,392
Note payable to a related party	243,405	289,979
Total current liabilities	251,704	340,408
Stockholders' equity (deficiency):		
Preferred stock, $.001 par value; 1,000,000 shares authorized, none issued or outstanding at December 31, 1991		
Common stock - $.001 par value, 20,000,000 shares authorized, 6,927,448 shares issued and outstanding at December 31, 1991 and March 31, 1992	6,927	6,927
Additional paid-in capital	4,073	4,073
Deficit accumulated during the development stage	(244,247)	(344,266)
Total stockholders' deficiency	(233,247)	(333,266)
	$ 18,457	$ 7,142

See accompanying notes.

CARDIAC SCIENCE, INC.

CONDENSED STATEMENT OF OPERATIONS

Three months ended March 31, 1992
(unaudited)

Costs and expenses:	
Research and development	$ 41,206
General and administrative	51,720
Interest expense	7,093
Total costs and expenses	100,019
Net loss	$ (100,019)
Loss per share	$ (.01)
Number of shares used in the computation of loss per share	6,927,448

See accompanying notes.

CARDIAC SCIENCE, INC.

CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY

Three Months Ended March 31, 1992
(Unaudited)

	Common stock		Additional paid-in capital	Accumulated deficit	Total
	Number of shares	Amount			
Balance at December 31, 1991	6,927,448	$ 6,927	$ 4,073	$ (244,247)	$ (233,247)
Net loss				(100,019)	(100,019)
Balance at March 31, 1992	6,927,448	$ 6,927	$ 4,073	$ (344,266)	$ (333,266)

See accompanying notes.

CARDIAC SCIENCE, INC.

CONDENSED STATEMENT OF CASH FLOWS

Three months ended March 31, 1992
(unaudited)

Cash flows from operating activities:		
Net loss	$	(100,019)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization		423
Accounts payable converted to note payable to related party		46,574
Changes in assets and liabilities:		
Accounts payable		35,037
Accrued interest		7,093
Net cash used in operating activities		(10,892)
Cash flows from investing activities:		
Purchase of property and equipment		0
Net cash provided by (used in) investing activities		0
Cash flows from financing activities:		
Proceeds from issuance of common stock		0
Net cash provided by financing activities		0
Net decrease in cash and equivalents		(10,892)
Cash and equivalents at beginning of period		11,263
Cash and equivalents at end of period	$	371
Supplemental cash flow disclosures:		
Cash paid during the period for:		
Income taxes	$	0
Interest	$	0

See accompanying notes.

CARDIAC SCIENCE, INC.

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS
March 31, 1992

A. Organization and Operations of the Company

Cardiac Science, Inc. (the Company) was incorporated on May 20, 1991 to develop, manufacture and market a family of minimally invasive and non-invasive (non-surgical) Automatic External Cardioverter Defibrillator ("AECD") devices (the "Products") to prevent "Sudden Cardiac Death" ("SCD"). SCD is the most frequent cause of death in the United States. The Company's Products will be designed to continuously monitor, quickly detect and then automatically, through transmission of electrical energy charges to the patient's heart, terminate the onset of ventricular tachyarrhythmia (dangerously fast heart rate) and/or ventricular fibrillation (quivering of the heart following tachyarrhythmia which usually results in death). Among the cardioverter/defibrillator devices under development by the Company will be ambulatory (mobile) AECD devices similar in function to the Implantable Cardioverter Defibrillator ("ICD") devices of other firms that are either currently approved for sale by the U.S. Food and Drug Administration (the "FDA") or are undergoing clinical trials. However, the Company's planned AECD Products will not require the thoracic and abdominal surgery to implant the devices, which includes opening the chest, exposing the heart and making surgical attachments of electrodes directly onto the heart, which is presently required for the use of most such ICD devices.

B. Summary of Significant Accounting Policies

Basis of Presentation and Continued Existence

The Company is in the development stage. From May 20, 1991 (inception) through March 31, 1992 the Company has not generated any operating revenues and has incurred losses of $344,266. Recovery of the Company's assets is dependent upon future events, the outcome of which is indeterminable. Additionally, successful completion of the Company's development program and its transition, ultimately, to attaining profitable operations is dependent upon obtaining additional financing adequate to fulfill its research and development activities, and achieving a level of revenues adequate to support the Company's cost structure. The Company is currently attempting to refinance its debt and identify other sources of financing. There can be no assurance that the Company will be successful in these areas.

In the opinion of the Company's management, the accompanying unaudited financial statements include all adjustments (which consist only of normal recurring adjustments) necessary for a fair presentation of its financial position at March 31, 1992 and results of operations and cash flows for the periods presented. Although the Company believes that the disclosures in these financial statements are adequate to make the information presented not misleading, certain information and disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted and should be read in conjunction with the Company's audited financial statements included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 13, 1992. Results of operations for the three months ended March 31, 1992 are not necessarily indicative of results to be expected for the full year.

C. Per share information

Per share information is presented in the accompanying statement of operations based upon the weighted average number of common shares outstanding.

D. Stock distribution

In May 1991, the Company issued 5,353,031 shares of common stock to Cytocare, an affiliated company, and an additional 1,574,417 shares to other individual founding shareholders, for cash payments of $.0016 per share. In July 1991, Cytocare distributed as a dividend to its shareholders, one share of the Company's common stock for each share of Cytocare held. Accordingly, 4,723,263 shares of the Company's common stock were distributed, with Cytocare retaining ownership of 629,768 shares. The Company's common stock may not be transferred before May 15, 1992.

E. Income Taxes

The Company has elected to adopt Financial Accounting Standards Board Statement No. 109. The implementation had no material impact on the Company's financial position or results of operations.

F. Note payable

The note payable consists of the following:

Note payable - Cytocare, Inc.

Revolving loan, due December 31, 1991 for up to $220,000, unsecured and bearing interest to 10% per annum	$ 305,371
Total (including accrued interest)	$ 305,371

Upon the date of issuance of this report, no amounts have been repaid against the loan. As the note was not repaid, it is currently due on demand.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Cardiac Science, Inc. (the "Company") is a development stage company which is primarily engaged in the development of non-invasive automatic defibrillator devices to treat persons suffering from certain forms of coronary heart disease. The Company commenced operations in May 1991. Its operations to date have consisted primarily of organizational, planning and development activities. Although it has completed an initial engineering prototype for a potential product and is developing its clinical version, the Company is not at a commercial stage where revenues are expected and has not obtained any revenues to date.

Results of Operations

For the three months ended March 31, 1992, the Company had no revenues and a net loss of $100,019 as a result of expenditures relating primarily to its organization, product development and financing-related activities. It is anticipated that the Company will continue to incur losses in coming periods.

Research and development activities continued and expenses for these functions were $41,206 for the first quarter of 1992. General and administrative expenses were $51,720 for this quarter, which includes the cost of the audit of the Company's books as of December 31, 1991. Interest expense of $7,093 was incurred during the quarter. No sales expenses were incurred during this period.

Liquidity and Capital Resources

The Company received cash of $11,000 upon its initial share issuances to its founding shareholders in May 1991. In addition, Cytocare, Inc., the former parent company of the Company ("Cytocare"), has made loans to the Company, including $53,667 during the three months ended March 31, 1992, which aggregated, with interest, approximately $305,000 at March 31, 1992. No repayment to Cytocare has as of yet been made. On March 31, 1992, the Company had a working capital deficit of $340,037 and a stockholders' deficiency of $333,266.

On April 28, 1992, the Company completed its negotiation toward securing additional debt financing totalling $500,000, of which $250,000 was received on April 30, 1992 from Technology Funding Partners I, a Menlo Park venture capital company ("Technology Funding"). The remaining $250,000 represents a commitment on the part of Cytocare to provide $50,000 per month for five months, commencing September 1992. In conjunction with this new funding, warrants were granted to Technology Funding and are to be granted to Cytocare upon the advancement of the agreed upon loans, and the then current indebtedness (totalling $310,000) to Cytocare was extended in exchange for additional warrants. The $810,000 of indebtedness described in this paragraph are subject to loan and security agreements which provide for, among other things, (a) a maturity date of the earlier of April 1, 1995 or the date of the initial public offering of the Company, (b) interest at the rate of 8% per annum, payable quarterly, and (c) a security interest on all of the Company's assets.

In order to carry out its planned development of the Products and other activities, the Company will be required to raise substantial additional equity and/or debt funding. Without the receipt of such funding, the Company will likely be unable to continue as a going concern. The Company's President has entered into discussions with underwriters, venture capital firms, corporations involved in the health care industry and other potential investors regarding possible public or private offerings of securities, product development or distribution agreements or other financing transactions that might be made or entered by the Company in the near future. No assurance can be given that the Company will be able to obtain such needed financing on favorable terms or at all. Should the Company be unable to obtain such funding, the Company will be unable to continue its operations.

CARDIAC SCIENCE, INC.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

On April 28, 1992, the Company entered into Loan and Security Agreements, as well as other related agreements (the "Loan Agreements"), with each of Technology Funding Partners, Inc., a venture capital company ("Technology Funding"), and Cytocare, Inc., the former parent company of the Company ("Cytocare"), with respect to $500,000 of new debt financing to the Company. On April 30, 1992, pursuant to the Loan Agreements, the Company received $250,000 from Technology Funding. The remaining $250,000 represents a commitment on the part of Cytocare to provide to the Company $50,000 per month for five months, commencing September 1992. In conjunction with this new funding, warrants were granted to Technology Funding, are to be granted to Cytocare upon the advancement of the agreed upon loans, and the then current indebtedness (totalling $310,000) to Cytocare was extended in exchange for additional warrants (the "Warrants"). The aggregate exercise price of the Warrants is equal to the amounts of the specified loans. The initial exercise price is $.15 per share or, if greater, (i) 50% of the average bid price per share of Common Stock of the Company during the period June 30, 1992 through July 31, 1992 or (ii) 50% of the price per share received by the Company for the sale of its Common Stock in an underwritten public offering closed not later than October 1, 1992. The Loan Agreements also provide for, among other things, (a) maturity date of the earlier of April 1, 1995 or the date of the initial public offering of the Company, (b) interest at the rate of 8% per annum, payable quarterly, and (c) a security interest on all of the Company's assets. The Loan Agreements are attached hereto as Exhibit (a) and are incorporated herein by reference.

On May 6, 1992 the Company announced that its Board of Directors will lift the restriction on transfers of the 4,723,263 shares of the Company's common stock which were distributed to holders of Cytocare common stock on the date of record of July 8, 1991.

CARDIAC SCIENCE, INC.

PART II. OTHER INFORMATION
(continued)

Item 6 Exhibits and Reports on Form 8-K

(a) The Loan Agreements.
(b) No reports on Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CARDIAC SCIENCE, INC.

Date: May 8, 1992

Howard K. Cooper
Chairman, Chief Executive Officer and President
(Principal financial and accounting officer)

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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(Mark One)

(x) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

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OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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For the transition period from ________ to ________

Commission File No.: 0-9081

CERTRON CORPORATION 08-08-X

(Exact name of registrant as specified in its charter)

1.39

CALIFORNIA
(State or other jurisdiction of incorporation or organization)

Identification No.

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

1545 Sawtelle Boulevard, Los Angeles, CA 90025
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (310) 914-0300

4929 Wilshire Blvd., #750, Los Angeles, CA 90010
Former name, former address and former fiscal year, if changed since last report.

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No ____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date:

3,128,306 shares of Common Stock, without par value as of January 31, 1992

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CERTRON CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
($ in Thousands)

ASSETS	January 31, 1992 (Unaudited)	October 31, 1991
CURRENT ASSETS:		
Cash	$ 77	$ 176
Accounts receivable, Net	2,637	2,637
Receivables - Other	112	
Inventories:		
Finished goods	1,914	2,724
Raw materials	176	397
Work in process	164	12
Total Inventories	2,254	3,133
Other Current Assets	126	198
TOTAL CURRENT ASSETS	5,206	6,144
EQUIPMENT AND LEASEHOLD IMPROVEMENTS:		
Machinery & Equipment	330	330
Dies & Molds	168	168
Furniture, Fixtures & Leasehold Improvements	172	172
	670	670
Less: Accumulated Depreciation & Amortization	(393)	(371)
Net Equipment and Leasehold Improvements	277	299
OTHER ASSETS	58	61
	$5,541	$6,504
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes Payable (Note B)	$ 630	$1,807
Trade Accounts Payable	31	16
Accrued Advertising	186	204
Accrued Insurance	83	47
Other Accrued Expenses	257	186
TOTAL CURRENT LIABILITIES	1,187	2,260
STOCKHOLDERS' EQUITY		
Common Stock, no par value; stated value $1 per share; authorized 10,000,000 shares; issued 3,128,000	3,128	3,128
Additional Paid-in Capital	1,824	1,824
Accumulated deficit since August 1, 1982	(598)	(708)
TOTAL STOCKHOLDERS' EQUITY	4,354	4,244
	$5,541	$6,504

See notes to condensed consolidated financial statements

CERTRON CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

($ in Thousands)

	For the Three Months Ended January 31, 1992	For the Three Months Ended January 31, 1991
NET SALES	$4,200	$4,082
COSTS & EXPENSES		
Cost of Products Sold	3,164	3,094
Selling, General and Administrative	884	963
Interest Expense	21	48
Depreciation & Amortization	22	24
Total Costs and Expenses	4,091	4,129
Earnings(Loss) Before Taxes and Extraordinary Item on Income	109	(47)
Taxes on Income	45	
Earnings (Loss) Before Extraordinary Items	64	(47)
Tax Benefit of Loss Carryforward	(45)	
Net Earnings (Loss)	$ 109	($ 47)
PER COMMON AND COMMON EQUIVALENT SHARES:		
Net Earnings (Loss)	$.03	($.02)
Weighted average number of common shares and common equivalent shares	3,128,000	3,128,000

See notes to condensed consolidated financial statements

CERTRON CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
($ in Thousands)

	For the Three Months Ended	
	January 31, 1992 (Unaudited)	January 31, 199 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings (loss)	$ 109	($ 47)
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	22	24
Changes in assets and liabilities:		
(Increase) decrease in trade accounts receivable	(112)	778
(Increase) decrease in inventories	879	(507)
Decrease in other assets	75	138
Increase (decrease) in trade accounts payable	15	(221)
Increase (decrease) in accrued expenses	90	(479)
Total adjustments	969	(267)
Net cash provided by (used in) operating activities	1,078	(314)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	——	(17)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under line of credit agreement	685	2,054
Payments under line of credit agreement	(1,862)	(1,790)
Net cash (used in) provided by financing activities	(1,177)	264
NET DECREASE IN CASH AND CASH EQUIVALENTS	(99)	(67)
CASH AND CASH EQUIVALENTS, beginning of quarter	176	334
CASH AND CASH EQUIVALENTS, end of quarter	$ 77	$ 267
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION -		
Cash paid during the quarter for: Interest	$ 21	$ 48

See notes to condensed consolidated financial statements

CERTRON CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended January 31, 1992

NOTES A - BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited financial statements contain all adjustments necessary to present fairly the financial position and results of operation for the periods presented. The only adjustments made were normal recurring adjustments.

The results for such three-months periods are not necessarily indicative of results for a full fiscal year. For the year ended October 31, 1991, the Company reported net sales of $17,689,000 and a net loss of $258,000.

NOTES B - NOTES PAYABLE

Indebtedness to the bank at January 31, 1992 consisted of:

Short-term note payable to bank, interest payable monthly at prime plus 1/2%	$630,000

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

LIQUIDITY AND CAPITAL RESOURCES

As demonstrated by the following chart, the Company's current ratio improved to 4.38 to 1 at January 31, 1992.

	Quarter Ended 01/31/92	Year Ended 10/31/91
Working capital	$4,019,000	$3,884,000
Current ratio	4.38 to 1	2.72 to 1

The Company's liquidity has been supplied by internally generated funds and short-term borrowings. During the fourth quarter of fiscal 1991, the Company renewed its line of credit with its bank. This line of credit totals $2,500,000 in the aggregate, with the allowable loan based on a formula of 80% of the Company's eligible accounts receivable plus 50% of finished goods in inventory or $750,000, whichever is less, as evidenced by outstanding letters of credit, less 100% of the letters of credit and banker's acceptances outstanding. Letters of credit plus bankers' acceptances outstanding at any time are not to exceed $500,000. At January 31, 1992, the Company had no material commitments for capital expenditures.

The following schedule sets forth the borrowing availability under the Company's short-term line of credit for the quarter ended January 31, 1992, and for the year ended October 31, 1991.

	Quarter Ended 01/31/92	Year Ended 10/31/91
Available loan	$2,282,000	$2,062,000
Outstanding loan balance	630,000	1,807,000
Borrowing availability	$1,652,000	$ 255,000

During the quarter ended January 31, 1992, the Company decreased its inventory by $879,000 from fiscal year ended October 31, 1991 in order to bring its sales/inventory ratio in line with normal levels. Inventory at January 31, 1992 was $2,254,000. Inventory at October 31, 1991 was $3,133,000. As a result of the decrease in inventory and improved profit, the outstanding loan balance decreased by $1,177,000, from $1,807,000 at October 31, 1991 to $630,000 at January 31, 1992. Accounts receivable remained the same for both periods. The Company's borrowing availability increased from $255,000 at year end to $1,652,000 as of January 31, 1992.

RESULTS OF OPERATIONS

First Quarter Fiscal 1992 Compared to First Quarter Fiscal 1991

During the first quarter of fiscal 1992, the Company had a net profit of $109,000, against a net loss of $47,000 in the first quarter of fiscal 1991. The increase in the earnings for the first quarter of fiscal 1992 against the first quarter of 1991 was primarily due to reduced overhead expenses of $108,000 and an increase in the gross profit margin of $48,000.

Sales were $4,200,000 for the quarter ended January 31, 1992 against sales of $4,082,000 for the quarter ended January 31, 1991. The increase was $118,000, or 2.9%. Contract Assembly sales increased by $200,672 over the first quarter of fiscal 1991, from $570,516 for the quarter ended January 31, 1992 to $771,188 for the quarter ended January 31, 1991. Magnetic media sales decreased by $83,000, from $3,511,000 for quarter ended January 31, 1991 to $3,428,000 for quarter ended January 31, 1992, primarily through the elimination of certain accessory lines connected with the computer cassette product line coupled with lower sales on the floppy disk program.

Gross margins increased by $48,000 for the quarter ended January 31, 1992 as compared to the quarter ended January 31, 1991. The primary reason for the increase is due to increased sales and product mix.

Interest expense decreased during the first quarter of fiscal 1992 compared to the same quarter in fiscal 1991 by $27,000 due to lower borrowings and the reduced cost of funds.

Selling, general and administrative expenses decreased by $79,000 (8.2%) during the first quarter of fiscal 1992 as compared to the first quarter of fiscal 1991 due primarily to reduced personnel expenses. In addition, bad debt reserves were $103,000 in the first quarter of fiscal 1992 against $63,000 in the first quarter of fiscal 1991.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits - None

(b) Reports on Form 8-K:

During the quarter ended January 31, 1992, no reports on Form 8-K were filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

CERTRON CORPORATION

Date: March 2, 1992

Prudencio Lim
Controller
(Principal Accounting Officer)

Date: March 2, 1992

Marshall I. Kass
Chairman of the Board and
Chief Executive Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Mark One

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission file number 0-17263

CHAMPIONS SPORTS, INC.
(Exact name of registrant as specified in its charter)

Delaware	52-1401755
(State or other jurisdiction of organization)	(I.R.S. Employer Identification No.)

Suite 808, 200 N. Glebe Road, Arlington, VA 22203
(Address of principal executive offices)
(Zip code)

(703) 524-6000
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ______

As of January 31, 1992 the Registrant had a total of 4,782,696 shares of common stock outstanding, after giving effect of the 1 for 100 reverse stock split effective as of close of business on October 31, 1991.

This document contains 11 pages and no exhibits.

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CHAMPIONS SPORTS, Inc.

FORM 10-Q

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Champions Sports, Inc.
Consolidated Balance Sheets

	JANUARY 31 1992	APRIL 30, 1991
	(UNAUDITED)	
ASSETS		
Current assets		
Cash and cash equivalents	$821,053	$832,555
Notes receivable – trade	50,000	119,370
Accounts receivable, trade	168,820	308,156
Inventories	84,576	88,558
Prepaid expenses	33,369	21,151
Total current assets	1,157,818	1,369,790
Notes receivable	310,000	
Property and Equipment		
Furniture and Equipment	527,667	527,428
Leasehold improvements	722,537	722,537
	1,250,204	1,249,965
Accumulated depreciation and amortization	(272,297)	(192,953)
	977,907	1,057,012
Other assets		
Deferred charges		
Preopening costs	193,050	193,050
Organizational costs	2,577	2,577
	195,627	195,627
Accumulated amortization	(195,627)	(140,239)
	(0)	55,388
Deposits	79,059	54,822
Total assets	$2,524,784	$2,537,012
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$268,660	$528,412
Notes payable	824,734	866,434
Deferred revenues	75,000	2,500
Accrued payroll and payroll taxes	42,913	14,084
Current portion of long term debt	6,946	16,294
Other	14,700	95,959
Accrued rent		31,549
Total current liabilities	1,232,953	1,555,232
Long-term debt, excluding current portion	32,940	34,618
Deferred lease concession	117,444	59,106
Stockholders' equity		
Preferred stock, par value $10 per share, 800,000 shares authorized, 22,161 and 0 shares issued and outstanding at January 31, 1992 and April 30, 1991, respectively	221,606	0
Offering expense	(14,500)	
Common stock, par value $.001 per share, 8,000,000 shares authorized, 4,782,696 and 4,647,696 shares issued and outstanding at January 31, 1992 and April 30, 1991, respectively	4,784	4,648
Additional paid-in-capital	2,868,528	2,867,314
Accumulated deficit	(1,938,971)	(1,983,906)
	1,141,447	888,056
Total liabilities and stockholders' equity	$2,524,784	$2,537,012

See accompanying notes to consolidated financial statements

CHAMPIONS SPORTS, INC.

Consolidated Statements of Income
(Unaudited)

	Three months ended January 31, 1992	Three months ended January 31, 1991	Nine months ended January 31, 1992	Nine months ended January 31, 1991
Revenue				
Restaurant and merchandise sales	$554,104	$791,490	$1,604,984	$2,859,910
Franchise, license and management fees	174,393	72,187	678,399	448,040
Interest income	17,882	7,816	45,322	29,556
Consulting fees and other income	23,519	25,937	137,038	53,020
Nonrecurring licencing fees				1,000,000
	$769,898	$897,430	$2,465,743	$4,390,526
Expense				
Consolidated cost of goods sold	150,326	351,024	432,630	1,332,914
Restaurant and operating expenses	522,295	223,221	1,330,715	1,002,371
General and administrative expense	95,235	445,004	522,361	1,644,456
Loss reserve contingency		(147,000)		
	767,856	872,249	2,285,706	3,979,741
Net income from operations	$2,042	$25,181	$180,037	$410,785
Gain on disposal of subsidiary		33,316	73,998	33,316
Abandonment loss	8,527		209,100	
Net Income/(Loss)	($6,485)	$58,497	$44,935	$444,101
Income/(Loss) per share after 1 for 100 stock split effective close of business October 31, 1991. *				
Weighted average number of common shares outstanding during the period	4,782,596	4,845,196	4,737,596	4,848,196
Net income/(loss) per share	($0.00)	$0.01	$0.01	$0.10

*The income/(loss) per common share has been computed on the weighted average number of shares outstanding during the period. Warrants are not included as common stock equivalents in the computation of income per share since the effect would not be material.

See accompanying notes to consolidated financial statements.

CHAMPIONS SPORTS, INC.

Consolidated Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equilavents

	Nine months ended January 31, 1992	Nine months ended January 31, 1991
Cash flows from operating activities:		
Net income	$44,935	$410,785
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities		
Depreciation and amortization	139,318	196,333
Abandonment loss	209,100	
(Increase) in investments		
(Gain) loss on sale of subsidary	(73,998)	(32,456)
(Increase) Decrease in notes receivable – trade	(240,630)	
(Increase) Decrease in accounts receivable	95,452	9,377
(Increase) Decrease in prepaid expenses	(12,218)	7,335
(Increase) Decrease in inventories	(9,104)	81,039
(Increase) Decrease in deposits	(25,003)	
(Decrease) Increase in accounts payable	(129,270)	8,688
(Decrease) Increase in accrued payroll and taxes	30,385	(21,275)
(Decrease) Increase in other current liabilities	(39,861)	(80,482)
(Decrease) Increase in accrued rent	(31,543)	(16,677)
(Decrease) Increase in deferred revenues	72,500	
(Decrease) Increase in deferred lease concession	58,336	
Total adjustments	43,460	151,882
Net cash provided by (used in) operating activities	88,395	562,667
Cash flows from investing activities:		
Purchases of property and equipment	(9,111)	
Assumption of obligations of disposed subsidary	(115,000)	
Net cash (used in) investing activities	(124,111)	0
Cash flows from financing activitites:		
Proceeds from issuance of preferred stock	207,106	
Proceeds from from sale of stock issued upon exercise of warrants	1,350	
Proceeds from borrowings		750,000
Repayment of borrowings	(52,726)	(674,642)
Net cash provided by financing activities	155,730	75,358
Net adjustment for disposal of assets & liabilites of subsidary previously included in consolidated statements	(131,516)	
Net increase (decrease) in cash and cash equivalents	(11,502)	638,025
Cash and cash equivalents at April 30.	832,555	107,339
Cash and cash equivalents at January 31.	$821,053	$745,364

See accompanying notes to consolidate financial statements.

Summarized Financial Information

Company or group of companies for which report is filed:

CHAMPIONS Sports, Inc. and Subsidiaries

The consolidated balance sheet as of January 31, 1992, the consolidated statements of operations and the consolidated statements of cash flows for the three months ended and nine months ended January 31, 1992 and January 31, 1991 have been prepared by the company, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flow at January 31, 1992 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. It is suggested that these consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the company's 10-K as of April 30, 1991. The results of operations for the period ended January 31, 1992 are not necessarily indicative of the operating results for the full year.

All of the share and per share results give retroactive effect the 1 for 100 reverse stock split that was effective October 31, 1991.

CHAMPIONS SPORTS, Inc.

Managements Discussions and Analysis of Financial Condition and of Operations

For the nine months ended January 31, 1992

Results of Operation

Revenues for the quarter ended January 31, 1992 were $769,898 versus $897,430 for the quarter ended January 31, 1991, a decrease of $127,532 or 14.2%. Revenues for the nine months ended January were $2,465,743 versus $4,390,526 for the nine months ended January 31, 1991, a decline of $1,924,783 or 43.8%. This decline, for the quarter and nine month period, is attributed to the disposition of the company's subsidiary CHAMPIONS of Falls Church, Inc. during the quarter ended October 31, 1990, whose revenues were $620,169 and the sale of the company's subsidiary Equipment and Design of VA., Inc., during the quarter ended July 31, 1992 whose revenues were $731,837 for the nine months ended January 31, 1991, and the non-recurring licensing fee of $1,000,000 the company received during the quarter ended October 31, 1990 from Marriott Corporation whereby Marriott acquired the rights to use the "CHAMPIONS" trademark in selected hotels within the United States. For the nine month period ended January 31, 1992 and January 31, 1991, by component, restaurant and merchandise sales declined $1,224,926 from $2,859,910 to $1,604,984, Franchise, license and management fees were $678,399 as compared to $448,040 an increase of $230,359, and consulting fees and other income increased $84,018 from $53,020 to $137,038.

The company's operating expenses were $767,856 during the quarter ended January 31, 1992 versus $872,249 for the same period last year, a decrease of $104,393 or 12.0%. For the nine month period operating expenses were $2,285,706 as compared to $3,979,741 for the same period last year, a decrease of $1,694,035. Both for the quarter and for the nine month period, this decrease is attributed to the disposition of Equipment and Design of VA., Inc., improved profit margins in the wholly owned subsidiary CSBR which operates a CHAMPIONS Sports Bar and Restaurant in San Antonio, Texas, and reduction of corporate office operating expenses. Profit contribution from the San Antonio CHAMPIONS was $51,413 versus a loss of $1,196 for the nine months ended January 31, 1992 and 1991.

The results of the quarter produced an income from operations of $2,042, versus $25,181 for the same period last year, a decrease of $23,139. For the nine month period ended January 31, 1992, the company realized an income from operations of $180,037 versus $410,785 for the nine months ended January 31, 1991, a decrease of 56.2%. The company incurred an abandonment loss of $8,527 for the third quarter and $209,100 for the nine month period relating to the termination of the management agreement with the Richmond Redevelopment and Housing Authority to manage and operate a CHAMPIONS Sports Bar and Restaurant in the 6th. Street Market Place in Richmond, Virginia. The CHAMPIONS Sports Bar and Restaurant in Richmond currently operates as an licensed CHAMPIONS, operated by T&M Associates, Inc., a Richmond, Virginia based corporation. The company realized a non recurring gain of $73,998 upon the sale of its subsidiary Equipment and Design of Virginia, during the quarter ended July 31, 1991. The net result of the quarter ended January 31, 1992 was a loss of $6,485 verus a profit of $58,497 for the same period last year. The net result for the nine months ended January 31, 1992 was a profit of $44,935 as compared to a profit of $444,101 for the nine month period ended January 31, 1991.

During the quarter ended October 31, 1991, the company commenced a Private Placement Offering, through a placement agent, of up to $500,000, 12% Convertible Cumulative Preferred Stock in Units consisting of 2,000 shares per Unit; dividends payable in cash or common stock at the election of the Issuer. This offer is made on a best effort basis and expires on March 31, 1992. The offering price of each Unit is $20,000. Each Unit is convertible into shares of common stock of the company. The number of shares into which each Unit is convertible is determined by dividing the original purchase price of the Unit by 50% of the closing Bid price of the common stock of the company on the conversion date.

Upon successful completion of the Private Placement, the company will receive net proceeds of up to approximately $405,000 if the maximum number of Units are sold after deducting expenses of the offering estimated at $95,000. Such expenses include sales commissions and fees, legal fees of special counsel to the company and "blue sky" fees and expenses and commissions of the Placement Agent. The net proceeds of the company will be used for general working capital purposes.

As of January 31, 1992, the company has issued 22,161 shares of its 12% Cumulative Convertible Preferred Stock, and incurred $14,500 in offering expense. The net proceeds to the company were $207,106, which the company has used for operating expenses. The company is presently seeking additional financing through this Private Placement and from other sources to underwrite it's continuing growth and operations. Without additional financing, the ongoing operations of the company cannot be assured.

Also, during the quarter ended January 31, 1992, the company entered into an agreement with Marriott Corporation in which Marriott will operate a CHAMPIONS Sports Bar and Restaurant at its hotels in the World Center Marriott, Orlando, Florida and in the Marriott - East in New York City. The first international CHAMPIONS is scheduled to open in the fall of 1992 at the Marriott hotel in Dubai in the United Arab Emirates. In addition, the company completed an agreement with the investor group which owns the rights to three CHAMPIONS Sports Bar and Restaurants in Northern Virginia, for the rights to operate an additional seven CHAMPIONS Sports Bar and Restaurants in Virginia, Maryland and the District of Columbia. This investor group currently operates a CHAMPIONS in Fairfax, Virginia and expects to open another CHAMPIONS in Herndon, Virginia during April, 1992.

Liquidity and Capital Resources

The company had a working capital deficit of $75,135 at January 31, 1992 as compared to a working capital deficit of $185,442 on April 30, 1991, an increase of $110,307. The company's cash and cash equivalent position at January 31, 1992 was $821,053 as compared to $832,555 at April 30, 1991.

During the nine months ended January 31, 1992, the company's operations provided cash to the company. Cash provided by operating activities benefitted primarily by deferred revenues and depreciation expense which does not require cash. Net cash was provided by financing activities as a result of the funds totaling $207,106 received by the company from the sale of its Preferred Stock as described above in Results of Operations. The company reduced its outstanding debt by $52,726 during the nine month period ended January 31, 1992. The company invested $9,111 in the purchase of additional equipment by its wholly owned subsidiary CSBR, Inc. which operates the CHAMPIONS Sports Bar and Restaurant in San Antonio, Texas. The company assumed obligations of $75,000 and paid $40,000 in cash to its disposed subsidiary, Equipment and Design of Virginia, Inc.

During the balance of fiscal 1992, the company expects to meet its short term and long term liquidity and cash needs from funds generated through operations including the sale of additional franchises. As discussed above, the company is currently seeking external financing through a Private Placement of its Preferred Stock to supplement revenues from operations and to improve its working capital position. The company may also seek external financing through other private or public sources. Such financing may be required for the company to continue as a going concern in the event that the company's operations do not provide the necessary cash. No assurances can be given that such external financing will be obtained by the company in the amount required and, if available, that such financing is available on terms satisfactory to the company.

Part II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

No reports on Form 8-K were filed during quarter ended January 31, 1992.

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FORM 10-Q

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE *SECURITIES EXCHANGE ACT OF 1934*
For the transition period from __________ to __________

Commission file number 1-9593

COACHMAN INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	73-1244422 (I.R.S. Employer Identification No.)

RECD S.E.C.
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301 N.W. 63rd, Suite 500, Oklahoma City, OK 73116-
(Address of principal executive offices) (Zip Code)

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(405)-840-4667
Registrant's telephone number, including area code

Not applicable
(Former name, former address and former fisca[illegible] changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) for the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes _X_ No ____

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APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ____ No ____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at March 31, 1992
Common Stock, $.01 par value	3,812,500 shares

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The following financial statements, in the opinion of management, reflect all adjustments (none of which was other than a normal recurring adjustment) necessary for a fair presentation of results of operations for such periods. Results for interim periods should not be considered indicative of results for a full year.

COACHMAN INCORPORATED
BALANCE SHEETS
MARCH 31, 1992 AND DECEMBER 31, 1991

ASSETS	MARCH 31, 1992	DECEMBER 31, 1991
CURRENT ASSETS:		
CASH	$ 12,269	$ 61,638
ACCOUNTS RECEIVABLE-AFFILIATES	44,162	30,323
OTHER	351	501
TOTAL CURRENT ASSETS	56,782	92,462
INVESTMENT IN AFFILIATED PARTNERSHIP	4,878	4,878
INVESTMENTS	228,821	71
EQUIPMENT, NET OF ACCUMULATED DEPRECIATION OF $212,831 AND $222,606, RESPECTIVELY	18,473	28,248
NOTE RECEIVABLE-AFFILIATE	700,000	700,000
OTHER ASSETS	--	337
TOTAL ASSETS	$1,008,954	$ 825,996
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	$ 60,879	$ 63,955
NOTES PAYABLE	51,353	51,504
DEFERRED INCOME	25,626	25,626
TOTAL CURRENT LIABILITIES	137,858	141,085
STOCKHOLDERS' EQUITY:		
COMMON STOCK - $.01 PAR VALUE; 25,000,000 SHARES AUTHORIZED; 3,812,500 OUTSTANDING	38,125	38,125
PAID IN CAPITAL IN EXCESS OF PAR	6,741,143	6,741,143
ACCUMULATED DEFICIT	(5,908,172)	(6,094,357)
TOTAL STOCKHOLDERS' EQUITY	871,096	684,911
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,008,954	$ 825,996

COACHMAN INCORPORATED
STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

	THREE MONTHS ENDED	
	MARCH 31, 1992	MARCH 31, 1991
REVENUES:		
MANAGEMENT FEES FROM AFFILIATES	$ 38,527	$ 18,223
INTEREST INCOME	15,789	16,555
OTHER	1,000	11,278
	55,316	46,056
EXPENSES:		
GENERAL AND ADMINISTRATIVE	42,125	29,469
INTEREST EXPENSE	1,486	3,771
DEPRECIATION AND AMORTIZATION	10,114	14,267
	53,725	47,507
INCOME FROM CONTINUING OPERATIONS BEFORE PROVISION FOR INCOME TAXES	1,591	(1,451)
PROVISION FOR INCOME TAXES	--	--
INCOME FROM CONTINUING OPERATIONS	1,591	(1,451)
GAIN ON SALE/EXCHANGE OF VCA STOCK	228,750	--
NET INCOME (LOSS)	$ 230,341	$ (1,451)
NET INCOME (LOSS) PER SHARE:		
CONTINUING OPERATIONS	$ .00	$ (.00)
GAIN ON SALE/EXCHANGE	.06	--
	$ .06	$ (.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	3,812,500	3,812,500

COACHMAN INCORPORATED
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 1992

	COMMON STOCK	COMMON STOCK WARRANTS	PAID IN CAPITAL IN EXCESS OF PAR	ACCUMULATED DEFICIT
BALANCE - DECEMBER 31, 1990	$ 38,125	$ --	$6,741,143	$(6,085,153)
NET LOSS FOR 1991	--	--	--	(9,204)
BALANCE - DECEMBER 31, 1991	38,125	--	6,741,143	(6,094,357)
SPIN OFF OF SUBSIDIARY	--	--	--	(44,156)
NET INCOME FOR THE THREE MONTHS ENDED MARCH 31, 1992	--	--	--	230,341
BALANCE - MARCH 31, 1992	$ 38,125	$ --	$6,741,143	$(5,908,172)

COACHMAN INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

	THREE MONTHS ENDED	
	MARCH 31, 1992	MARCH 31, 1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET INCOME (LOSS)	$ 230,341	$ (1,451)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	10,114	14,267
(INCREASE) IN ACCOUNTS RECEIVABLE AFFILIATE	(13,839)	992
DECREASE (INCREASE) IN OTHER CURRENT ASSETS	150	--
DECREASE (INCREASE) IN OTHER ASSETS	337	2,027
INCREASE (DECREASE) IN ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	(3,076)	5,837
NET CASH USED BY OPERATING ACTIVITIES	224,027	21,672
CASH FLOWS FROM INVESTING ACTIVITIES:		
PURCHASE OF EQUIPMENT	(339)	(1,833)
PURCHASE OF OTHER ASSETS	(228,750)	--
SPIN OFF OF SUBSIDIARY	(44,156)	--
NET CASH USED IN INVESTING ACTIVITIES	(273,245)	(1,833)
CASH FLOWS FROM FINANCING ACTIVITIES:		
PRINCIPAL REPAYMENTS	(151)	(12,117)
NET CASH USED IN FINANCING ACTIVITIES	(151)	(12,117)
NET INCREASE (DECREASE) IN CASH	(49,369)	7,722
CASH AT BEGINNING OF PERIOD	61,638	5,530
CASH AT END OF PERIOD	$ 12,269	$ 13,252

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Material Changes in Financial Position

March 31, 1992 compared to December 31, 1991

From December 31, 1991 to March 31, 1992, there were two major events which affected the financial position of the Corporation. First, on March 10, 1992, the Corporation sold all of its rights, title and interest in the Varsity Clubs of America to International Leisure Enterprises, Inc. (NASDAQ:ILEX) for stock in ILEX and time share ownerships in ILEX's project in Sedona, Arizona. This transaction is reflected in the balance sheet as investments of $228,821.

Second, on March 17, 1992, the Corporation spun off to its stockholders of record as of that date its wholly owned subsidiary Coachman Construction Company. Each stockholder will be issued one share of Coachman Construction Company stock for each ten shares of the Corporation's stock owned. This spinoff resulted in a decrease in cash of $49,369 and a corresponding increase in Accumulated Deficit.

Material Changes in Results of Operations

Quarter Ended March 31, 1992 compared to Quarter Ended March 31, 1991

During the quarter, the Corporation's income increased by $9,668 or 21% caused by an increase in business at properties managed by the Corporation and the payment of management fees from the Coachman Inns in Midwest City and Oklahoma City, Oklahoma.

Expenses increased by $9,166 or 19% due primarily to an increase in General and Administrative expenses partially offset by a decrease in Depreciation.

The sale of the Corporation's interest in Varsity Clubs of America resulted in a Gain on Sale/Exchange of Investment of $228,750. Combined with the Net Income From Continuing Operations of $1,591, this resulted in Net Income for the quarter of $230,341 or $.06 per share.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

P. David Newsome, Jr., trustee for Fitzgerald, DeArman & Roberts, Inc. (FDR) bankruptcy, has sued the Corporation's ESOP plan claiming it owed $300,000 to FDR for the purchase of the Corporation's stock. They have threatened to add the Corporation and Dennis D. Bradford to the suit. The ESOP, the Corporation and Mr. Bradford deny any liability and will vigorously defend any action by Mr. Newsome.

The loans on the properties owned by Coachman Inns Income Limited Partnership and managed by the Corporation had both matured. In February 1992, the lender on one of the loans agreed to a four year extension. The other loan is in default, however, negotiations with the RTC, the lender, continue.

Item 6. Exhibits and Reports on Form 8-K

No report on Form 8-K has been filed during the quarter for which this report is filed.

SIGNATURES

FORM 10-Q

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COACHMAN INCORPORATED
(Registrant)

May 8, 1992 By:

Dennis D. Bradford
Chief Executive Officer
Chief Financial Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-Q

X Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarter ended March 29, 1992

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ________ to ________

Commission file number 0-8777

COLOR TILE, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	75-1606185 I.R.S. employer identification no.
515 Houston Street, Fort Worth, Texas (Address of principal executive office)	76102 (Zip Code)

(817)870-9400
Registrant's telephone number, including area code

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO _

The number of shares outstanding of the registrant's common stock, $.01 par value, as of May 1, 1992 was 101.

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Exhibit Index is on Page 11

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COLOR TILE, INC.
Index

PART I - FINANCIAL INFORMATION

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Condensed Consolidated Statements of Operations for the Three Months Ended March 29, 1992 and March 31, 1991 4

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Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 29, 1992 and March 31, 1991 6-7

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PART II - OTHER INFORMATION

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COLOR TILE, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(Amounts in Thousands except Share Amounts)
(unaudited)

ASSETS

	March 29, 1992	December 29, 1991
Current assets:		
Cash and cash equivalents	$ 2,721	$ 73
Accounts and notes receivable, less allowance for doubtful	8,870	7,939
Inventories	78,734	75,507
Other current assets	5,593	5,480
Total current assets	95,918	88,999
Property, plant and equipment	175,995	173,662
Less accumulated depreciation	(35,345)	(31,428)
Net property, plant and equipment	140,650	142,234
Deferred financing costs	17,880	18,296
Goodwill, net	180,772	181,836
Other intangible assets, net	60,090	61,790
Deferred income tax	8,431	8,431
Other assets	2,907	3,398
Total assets	$506,648	$504,984

LIABILITIES AND COMMON STOCKHOLDER'S EQUITY

	March 29, 1992	December 29, 1991
Current liabilities:		
Current portion of long-term debt	$ 15,260	$ 15,260
Accounts payable and accrued expenses	73,589	66,460
Layaways and deposits	6,152	5,873
Total current liabilities	95,001	87,593
Noncurrent liabilities:		
Long-term debt	284,703	290,475
Other noncurrent liabilities	22,403	22,419
Total noncurrent liabilities	307,106	312,894
Commitments and contingencies (Note 2)		
Redeemable senior preferred stock,	27,301	26,556
Common stockholder's equity:		
Common stock, $.01 par value, 1,000,000 shares authorized, 101 shares issued and outstanding		
Additional paid-in capital	123,001	123,746
Accumulated deficit	(45,761)	(45,805)
Total common stockholder's equity	77,240	77,941
Total liabilities and common stockholder's equity	$506,648	$504,984

The accompanying notes are an integral part of the condensed consolidated financial statements.

COLOR TILE, INC.
Condensed Consolidated Statements of Operations
(Amounts in Thousands)
(unaudited)

	March 29, 1992	March 31, 1991
Net sales	$143,962	$137,410
Costs and expenses:		
Cost of sales	76,761	73,407
Selling, general and administrative	59,106	59,524
Total costs and expenses	135,867	132,931
Operating profit	8,095	4,479
Interest expense, net	7,928	12,904
Income (loss) before income taxes	167	(8,425)
Provision for income taxes	123	101
Net income (loss)	$ 44	$(8,526)

The accompanying notes are an integral part of the condensed consolidated financial statements.

COLOR TILE, INC.
Condensed Consolidated Statement of Common Stockholder's Equity
(Amounts in Thousands except Share Amounts)
(unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Common Stockholder's Equity
	Shares	Amount			
Balance at December 29, 1991	101		$ 123,746	$(45,805)	$ 77,941
Preferred stock dividends, undeclared			(725)		(725)
Accretion of difference between redemption value and proceeds of senior preferred stock			(20)		(20)
Net income				44	44
Balance at March 29, 1992	101	—	$123,001	$(45,761)	$ 77,240

The accompanying notes are an integral part of the condensed consolidated financial statements.

COLOR TILE, INC.
Condensed Consolidated Statements of Cash Flows
(Amounts in Thousands)
(unaudited)

	Three Months Ended	
	March 29, 1992	March 31, 1991
Cash flows from operating activities:		
Net income (loss)	$ 44	$(8,526)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation	4,291	4,197
Amortization of deferred financing costs	398	680
Amortization of goodwill and other intangible assets	2,816	3,172
Changes in other assets and liabilities	3,139	18,082
Total adjustments	10,644	26,131
Cash provided by operating activities	10,688	17,605
Cash flows from investing activities:		
Purchases of property, plant and equipment	(3,098)	(3,327)
Other	829	(220)
Cash used in investing activities	(2,269)	(3,547)
Cash flows from financing activities:		
Net Payments on borrowings and capital leases	(5,771)	(9,947)
Borrowings to repurchase debt	6,036	
Repurchases of debt	(6,036)	—
Cash used in financing activities	(5,771)	(9,947)
Increase in cash and cash equivalents	$ 2,648	$ 4,111

The accompanying notes are an integral part of the condensed consolidated financial statements.

COLOR TILE, INC.
Condensed Consolidated Statements of Cash Flows, continued
(Amounts in Thousands)
(unaudited)

	Three Months Ended March 29, 1992	Three Months Ended March 31, 1991
Analysis of changes in other working capital accounts:		
Decrease (increase) in:		
Accounts and notes receivable, net	$(931)	$(170)
Inventories	(3,227)	8,906
Other current assets	(113)	(1,195)
Total decrease (increase) in current assets	(4,271)	7,541
Increase in:		
Accounts payable	4,088	2,736
Layaways and deposits	279	
Accrued Taxes and Expenses	3,043	7,805
Total increase in current liabilities	7,410	10,541
Total increase in other assets and liabilities	$ 3,139	$ 18,082
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ 4,850	$ 1,792

The accompanying notes are an integral part of the condensed consolidated financial statements.

COLOR TILE, INC.
Notes to Condensed
Consolidated Financial Statements

NOTE 1 - Basis of presentation:

Color Tile, Inc. ("Color Tile" or the "Company") is a wholly owned subsidiary of Color Tile Holdings, Inc. Reference is made to the summary of significant accounting policies in the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, filed with the Securities and Exchange Commission. These financial statements and the related notes should be read in connection with such Form 10K.

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements reflect all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position of the Company as of March 29, 1992 and March 31, 1991 and its results of operations and cash flows for the three months then ended. Information included in the condensed consolidated balance sheet as of December 29, 1991 has been derived from the Company's audited financial statements in its Annual Report on Form 10-K and certain reclassifications have been made to conform to the basis of presentation at March 29, 1992.

The results of operations for the three months ended March 29, 1992 may not be indicative of the results of operations for the full fiscal year ending January 3, 1993.

NOTE 2 - Commitments and Contingent Liabilities:

There are various claims and pending actions incident to the business operations of the Company. In the opinion of management, the Company's potential liability in all pending actions and claims, in the aggregate, is not material.

COLOR TILE, INC.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Sales. Net sales for the three months ended March 29, 1992 increased $6,552,000 or 4.8% to $143,962,000 compared to $137,410,000 in the prior year. The increase in sales is attributable to the continued growth of the Company's carpet product line and related installation revenues, and to a lesser extent, to increased sales in the ceramic and resilient categories, as well as higher franchise revenues. Sales for Company stores opened more than one year increased 3.5% over the comparable prior year period. The Company opened two new Company stores, closed one Company store and converted two existing Company stores to franchise stores during the quarter, bringing the number of Company stores to 770 at March 29, 1992 versus 775 Company stores at March 31, 1991. The Company granted franchises for five stores, including the conversion of two existing Company stores, during the quarter bringing to 15 the number of franchise locations. As of March 29, 1992, the Company has entered into agreements to franchise 15 additional store locations.

Gross Margin. Gross margins increased $3,198,000 or 46.7% of sales during the three months ended March 29, 1992 as compared to 46.6% for the prior year. Improved gross margins were due primarily to increased sales in higher margin ceramic and resilient product lines and to improved margins on sales of carpet and related installation services.

Operating Expenses. Selling, general and administrative expenses, excluding depreciation and amortization, decreased to 36.8% of sales for the current quarter compared to 38.3% of sales for the comparable 1991 period. This reduction, as a percent of sales, results primarily from the continuing control of operating and administrative costs throughout all levels of the Company.

Interest Expense. Net interest expense decreased $4,976,000 to $7,928,000 for the three months ended March 29, 1992 as compared to the prior year. The reduction in interest expense is due to the redemption of the 17% Junior Subordinated Debt with the proceeds of additional common stock issued late in 1991 and to the refinancing of a significant portion of the Company's 12-3/8% senior notes, 13% senior subordinated notes and 13-3/4% subordinated debentures.

Interest expense for the three months ended March 29, 1992 of $7,928,000 is comprised of $7,597,000 paid or to be paid in cash and $39[illegible],000 of amortized deferred financing cost, net of $67,000 interest income.

Pre-tax Income (Loss). Income before income taxes of $167,000 compares to a pre-tax loss in the prior year of $8,425,000. This improvement over the prior year resulted from increased operating profit, and a significant decrease in interest expense.

The Company had income tax expense of $123,000 for the current quarter as compared to $101,000 for the prior year. Income tax expense for the period is composed primarily of state income taxes.

Liquidity and Capital Resources

Capital expenditures for the three months ended March 29, 1992 were $3,098,000 as compared to $3,327,000 in the prior year. Capital expenditures were incurred for the retrofit and repair of existing stores, upgrading of retail store systems, and for the development of additional new store locations. The Company has continued to expand its program to franchise some Color Tile stores to third party franchisees which will require no additional capital expenditures by the Company.

Working capital at March 29, 1992 was $917,000 as compared to $1,406,000 at December 29, 1991. Increased inventory levels were more than offset by an increase in accounts payable due to increased purchases of special order merchandise and more favorable terms on in-stock merchandise.

On April 15, 1992, the Company completed the redemption of its remaining 13% Senior Subordinated Notes in the aggregate principal amount of $17,306,000 and 13-3/4% Subordinated Debentures in the aggregate principal amount of $26,950,000.

On May 7, 1992, the Board of Directors of the Company approved the sale of the Company's hardwood flooring manufacturing plant pursuant to an Asset Purchase Agreement (the "Purchase Agreement") dated as of the 22nd day of April, 1992. The sale contemplated by the Purchase Agreement will close on or about May 15, 1992 and the proceeds will be utilized to retire existing debt of the Company.

Management believes the Company has, and will continue to have, sufficient cash flow from operations and from available borrowings under its Credit Agreements to meet its liquidity and capital resource requirements for the balance of 1992.

PART II. OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

2(a) Agreement of Merger, dated as of October 16, 1989, among Color Tile Holdings, Inc., CT Acquisition, Corp., Color Tile, Inc., Knoll International holdings, Inc. and NEAC, INC. (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 1, 1989 and incorporated herein by reference)

2(b) Amendment to Agreement of Merger, dated as of December 17, 1989, among Color Tile Holdings, Inc., CT Acquisition Corp., Color Tile, Inc., Knoll International Holdings, Inc. and NEAC, INC. (filed as Exhibit 2(b) to the December 28, 1989 Form 8-K and incorporated herein by reference)

(b) Reports on Form 8-K

None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COLOR TILE, INC.
(Registrant)

May 11, 1992
Date

Daniel J. Gilmartin, Vice President
Treasurer and Chief Financial Officer

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

XX QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended January 31, 1992

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period for ________ to ________

Commission File Number: 33-30367-D

PROCESSED BY
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Q-Data Corp. - St. Petersburg, FL

COMMERCIAL ACQUISITIONS CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Colorado
(State or Other Jurisdiction of Incorporation or Organization)

84-1099421
(I.R.S. Employer Identification No.)

1424-A Larimer Square, Suite 207
Denver, Colorado
(Address of Principal Executive Offices)

80202
(Zip Code)

303-629-8777
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Number of shares outstanding at March 11, 1992
Common Stock, $.0001 par value	58,501,000 shares

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Form 10-Q
3rd Quarter

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* The accompanying financial statements are not covered by an independent certified public accountant's report.

COMMERCIAL ACQUISITIONS CORPORATION

(A development stage company)

BALANCE SHEET

	JANUARY 31, 1992 (Unaudited)	APRIL 30, 1991
ASSETS		
CURRENT ASSETS:		
Cash	$ 75,077	$ 144,207
FACTORED RECEIVABLES	25,876	-
EQUIPMENT AND FURNITURE, at cost, less accumulated depreciation of $ 987 and $ 834, respectively	1,772	1,329
ORGANIZATIONAL COSTS, net	925	1,237
	$ 103,650	$ 146,773
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENTS LIABILITIES:		
Accounts payable	$ -	$ 8,688
STOCKHOLDERS' EQUITY:		
Common stock, $.0001 par value; 635,000,000 shares authorized; 58,501,000 shares issued and outstanding	5,850	5,850
Additional paid-in capital	262,301	262,301
Retained Earning	(130,066)	(130,066)
Year to date income (loss)	(34,435)	-
Total stockholders' equity	103,650	138,085
	$ 103,650	$ 146,773

See accompanying notes to the financial statements.

COMMERCIAL ACQUISITIONS CORPORATION
(A development stage company)

STATEMENTS OF OPERATIONS
(Unaudited)

	FOR THE THREE MONTH PERIOD ENDING JANUARY 31,		FOR THE NINE MONTH PERIOD ENDING JANUARY 31,	
	1992	1991	1992	1991
REVENUE				
Service	$ 3,126	$ -	$ 3,607	$ -
Interest	847	2,333	3,326	10,202
Other Income	-	-	-	570
	3,973	2,333	6,933	10,772
GENERAL AND ADMIN. EXPENSES	(7,602)	(22,368)	(41,368)	(86,281)
NET LOSS	$ (3,629)	$ (20,035)	$ (34,435)	(75,509)
NET LOSS PER COMMON SHARE	$ *	$ *	$ *	$ *
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	58,501,000	58,501,000	58,501,000	58,501,000

* Less than $.001 per share.

See accompanying notes to the financial statements.

COMMERCIAL ACQUISITIONS CORPORATION
(A development stage company)

STATEMENTS OF CASH FLOWS
(Unaudited)

	FOR THE NINE MONTH PERIOD ENDING JANUARY 31,	
	1992	1991
CASH FLOWS FROM OPERATION ACTIVITIES:		
Net loss	$ (34,435)	$ (75,509)
Adjustments to reconcile net loss to net cash from operating activities:		
Amortization and Depreciation	780	539
Decrease (increase) in Accrued Interest	-	(294)
Decrease (increase) in receivables	(25,876)	
Increase in organizational cost		
(Increase) in other assets		
Decrease in Accounts Payable	(8,689)	(7,368)
Net cash provided by (used in) operating activities	(68,220)	(82,632)
CASH FLOWS FROM INVESTING ACTIVITY:		
Purchase of furniture	(910)	-
Net cash (used in) provided by investing activities	(910)	-
NET (DECREASE) INCREASE IN CASH	(69,130)	(82,632)
CASH, beginning of period	144,207	236,793
CASH, end of period	$ 76,077	$ 154,161

See accompanying notes to the financial statements.

COMMERCIAL ACQUISITIONS CORPORATION
(A development stage company)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

1. **GENERAL:**

Management has elected to omit substantially all notes to the Company's financial statements. Reference should be made to the Company's Form 10-K filed for the year ended April 30, 1991, for notes to the Company's year-end financial statements.

2. **UNAUDITED INFORMATION:**

The information furnished herein was taken from the books and records of the Company without audit. However, such information reflects all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to reflect properly the results for the interim periods presented. The results of operations for the periods are not necessarily indicative of the results to be expected for the year.

The April 30, 1991 balance sheet data is derived from the audited financial statements but does not include all disclosures required by generally accepted accounting principles.

COMMERCIAL ACQUISITIONS CORPORATION
(A development stage company)
(Unaudited)

TEM 2. MANAGEMENTS' DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Liquidity and Capital Resources -

On February 16, 1990, the Company closed its public offering and received gross proceeds of approximately $300,000 from the sale of approximately 30,000,000 shares of its common stock. Net proceeds after the cost of the offering were approximately $260,000. During the nine-month period ending January 31, 1992, the Company decreased working capital by $34,567 due primarily to operating losses. However, the Company still has current assets of $100,952 with no debt. The Company believes it has adequate funding to pursue its business objective of factoring commercial accounts receivable. As approved by the shareholders vote on July 8, 1991, the Board of Directors has deployed the capital of the Company to factor commercial accounts receivables. The Company has obtained expressions of interest from a major bank to leverage its funds.

Results of Operations -

During the nine-month period ending January 31, 1992, the Company lost $34,435 on total revenues of $3,607. This compares with a loss of $75,509 on total revenues of $570 from operations for the nine-month period ending January 31, 1991. The reduced loss for the period ending January 31, 1992 was attributed to aberrantly high expenses incurred during the January 31, 1991 period as the Company was in the process of preparation and presentation of a seminar for public companies. Further, the Company has commenced its business objectives as stated in the shareholders vote on July 8, 1991.

Prior operations are not indicative of planned future operations. On July 8, 1991, the Company's stockholders authorized the Board of Directors to purchase accounts receivable at a discount with the remaining proceeds from the public offering. The Company has obtained an expression of interest from a bank for a line-of-credit to provide additional financing for the purchase of accounts receivable, potentially increasing the capacity of the Company for this endeavor. Factoring is essentially the purchase at a discount, of a company's accounts receivable. Then, by collecting these accounts in a timely manner, the Company earns fee income based on the differential between its cost of funds and the rate and fee it charges the selling company. Typically this fee ranges from 4% to 6% monthly.

PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

On July 8, 1991, the company held a Special Meeting of the Shareholders at which the shareholders adopted a proposal authorizing the Board of Directors of the Company, in their sole discretion, to purchase accounts receivable at a discount directly with the remaining proceeds from the public offering or by using the remaining proceeds for the public offering as collateral to obtain financing to make the purchases. There were 33,050,000 shares cast in favor of the proposal and 600,000 shares cast against the proposal. The Company has commenced activity in this business

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 14, 1992 COMMERCIAL ACQUISITIONS CORPORATION

By: __________________________
David J. Clamage, Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
David J. Clamage	Chief Executive Officer Principal Executive Officer Chairman of the Board Director	March 14, 1992
John Hawley Atkinson, Jr.	President Treasurer Principal Financial Officer Principal Accounting Officer Director	March 14, 1992
Paul T. Corrigan, Jr.	Director	March 14, 1992
Dennis C. Haynes	Director	March 14, 1992
Kenneth R. Shwayder	Director Secretary	

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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(Mark One)

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

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1992

For the quarterly period ended January 31, 1992

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR SECURITIES EXCHANGE ACT OF 1934**

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Q-Data Corp. - St. Petersburg, FL

For the transition period from ______________ **to** ______________

136

Commission file number 0-13649

COOPER LIFE SCIENCES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

94-2563513
(I.R.S. employer identification no.)

160 Broadway, New York, New York
(Address of principal executive offices)

10038
(Zip code)

Registrant's telephone number, including area code: **(212) 791-5362**

____
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

As of March 12, 1992, there were 1,989,195 outstanding shares of the issuers Common Stock, $.10 par value.

COOPER LIFE SCIENCES, INC. AND SUBSIDIARY

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COOPER LIFE SCIENCES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

ASSETS	January 31, 1992 (Unaudited)	October 31, 1991 (Audited)
Current Assets		
Cash and cash equivalents	$ 926	$ 1,872
Marketable Securities - at lower of cost or market, pledged as collateral for due to broker	2,131	--
Notes Receivable - Affiliate	10	10
Other receivables	112	124
Merchandise inventory	62	--
Prepaid expenses	187	180
Total current assets	3,428	2,186
The Cooper Companies, Inc. Preferred Stock - including $2,670 restricted at January 31, 1992 and October 31, 1991	32,729	32,099
Property and Equipment, Net of Accumulated Depreciation of $8 and $6 respectively	77	82
Intangible Assets, Net of Accumulated Amortization of $39 and $23 respectively	150	166
Other Assets	64	39
Total assets	$ 36,448	$ 34,572
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Due to Broker under repurchase agreement	$ 1,957	$ --
Accounts Payable	468	415
Liabilities Related to Discontinued Operations	323	372
Accrued and Other Current Liabilities	430	582
Income and Other Taxes Payable	218	327
	3,396	1,696
Note Payable - Affiliate	1,250	1,250
Noncurrent Liabilities	1,757	1,757
Total liabilities	6,403	4,289
Stockholders' Equity		
Preferred stock-$.10 par value, 6,000,000 shares authorized, none issued	--	--
Common stock-$.10 par value, 6,000,000 shares authorized, 2,191,095 shares issued and 1,989,195 shares outstanding at January 31, 1992 and October 31, 1991	219	219
Additional paid-in capital	75,939	75,939
Accumulated (Deficit)	(45,025)	(45,201)
Less: Cost of 201,900 shares held in treasury at January 31, 1992 and October 31, 1991 respectively	(1,088)	(1,088)
Total Stockholders' Equity	30,045	29,869
	$ 36,448	$ 34,572

See Notes to Consolidated Financial Statements

COOPER LIFE SCIENCES, INC. AND SUBSIDIARY

STATEMENTS OF CONSOLIDATED OPERATIONS
Dollars in Thousands, Except Per Share Figures
(Unaudited)

	For the Three Months Ended January 31,	
	1992	1991
NET SALES	$ 2	$ --
COST OF SALES	19	--
GROSS PROFIT (LOSS)	(17)	--
GENERAL AND ADMINISTRATIVE EXPENSES	598	357
OPERATING LOSS	(615)	(357)
OTHER INCOME (EXPENSES)		
Dividend income	630	560
Interest income	16	38
Other income - net	23	6
Income-Reduction of estimated other tax liabilities	116	118
Interest expense	(37)	(2)
	748	720
INCOME FROM CONTINUING OPERATIONS BEFORE PROVISION FOR INCOME TAXES	133	363
PROVISION FOR INCOME TAXES	--	25
INCOME FROM CONTINUING OPERATIONS	133	338
DISCONTINUED OPERATIONS		
Income From Discontinued Operations-Net Of Taxes	32	58
EXTRAORDINARY CREDIT -utilization of net operating loss carryforwards	11	9
NET INCOME	$ 176	$ 405
NET INCOME PER SHARE		
Continuing operations	$ .07	$ .16
Discontinued operations	.02	.03
Income before extraordinary item	.09	.19
Extraordinary item	--	--
NET INCOME PER SHARE	$ .09	$ .19
AVERAGE NUMBER OF SHARES OUTSTANDING	1,989	2,106

See Notes to Consolidated Financial Statements

COOPER LIFE SCIENCES, INC. AND SUBSIDIARY

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
Dollars in Thousands
(Unaudited)

	For the Three Months Ended January 31, 1992	For the Three Months Ended January 31, 1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash used by continuing operating activities......................	$ (774)	$ (596)
Net cash provided by discontinued operating activities.....................	2	--
	(772)	(596)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of treasury stock	--	(672)
Investment in marketable securities	(2,131)	--
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to broker under repurchase agreement	1,957	--
NET DECREASE IN CASH AND CASH EQUIVALENTS	(946)	(1,268)
CASH AND CASH EQUIVALENTS - Beginning........	1,872	3,066
CASH AND CASH EQUIVALENTS - End.............	$ 926	$1,798

See Notes to Consolidated Financial Statements

COOPER LIFE SCIENCES, INC. AND SUBSIDIARY
Notes to Consolidated Condensed Financial Statements
January 31, 1992 and 1991

NOTE 1.

Cooper Life Sciences, Inc., a Delaware corporation (the "Company"), was engaged in the business of the manufacture and sale of surgical laser and ultrasonic devices until such businesses were disposed of during 1988 and in prior years. From the time of such dispositions until June 1991, the Company was not engaged in any operating business. Since June 1991, the Company, through its 80% owned subsidiary, Moore Sports Ltd. ("Moore"), has been engaged in the sale of various ceramic, paper, plastic and glassware products which, pursuant to a license granted by the Major League Baseball Players Association to the entity for which Moore is acting as the exclusive distributor, bear the names and likenesses of various major league baseball players. To date, Moore's efforts with respect to this activity have been primarily directed towards the formulation and implementation of a marketing program, and only minimal sales have been generated. The Company, together with the investment banking firm which has been engaged by it, is also vigorously continuing to explore various opportunities for the acquisition by it of one or more operating businesses. Although preliminary discussions were held during the 1991 fiscal year with the principals of a number of such businesses, to date the Company has not become committed with respect to any such acquisitions.

At January 31, 1992, the principal asset of the Company are shares of preferred stock (the "TCC Preferred Stock"), which is stated at cost, of The Cooper Companies, Inc., a Delaware corporation the common stock of which is traded on the New York Stock Exchange ("TCC"). To date all dividends on the TCC Preferred Stock have been paid in additional shares of TCC Preferred Stock. A permanent impairment in the value of the TCC Preferred Stock would result in an adjustment to the carrying value and a corresponding expense. The Board of Directors of the Company has determined that there has not been a permanent impairment in value of the TCC Preferred Stock. The TCC Preferred Stock is not registered and there is no trading market for these shares (all of which are owned by the Company). TCC is obligated to register the shares for resale under the Securities Act of 1933, as amended, at its expense. Such a registration statement has been filed, but has not been declared effective. There are significant uncertainties relating to the amount that the Company may ultimately be able to recover from a sale of the TCC Preferred Stock. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

NOTE 2.

The Company has utilized the benefit of tax loss carryforwards to reduce income taxes which would have been due on the first quarter's income. For the quarter ended January 31, 1992, after reducing the income from continuing operations by permanent differences relating to the 70% dividends received exclusion, there remained no taxable income related to continuing operations. Tax of $19,000 was provided on income from discontinued operations, which was partially offset by utilizing the benefit of net operating loss carryforwards. The Company incurs alternative minimum taxes.

NOTE 3.

For the three months ended January 31, 1992, the Company has reduced its potential liabilities related to income and other taxes payable and discontinued operations from $327,000 and $372,000 to $218,000 and $323,000, respectively. The current reductions of these liabilities were made based upon reevaluations of the potential exposure and reflect, in the case of tax related matters, preliminary assessments, including possible interest and penalties. These amounts, reflected as income and other taxes payable, do not include any amounts relating to the potential tax liabilities described in the following paragraphs of this Note 3.

During the course of an Internal Revenue Service ("IRS") audit of the consolidated federal income tax return of The Cooper Companies, Inc. ("TCC") and the Company's former parent, Cooper Laboratories, Inc. ("Labs"), for the taxable year ended October 31, 1984 ("1984 Return"), TCC received from an IRS agent two "position papers" preliminarily asserting that Labs, in its 1984 Return, should have recognized taxable gain in connection with (i) the distribution of all of its stock of TCC in December 1983, and (ii) the sales by Labs, in the course of its complete liquidation, of all of the stock of Oral-B Laboratories, Inc. and of Labs' skin care products business. As a former subsidiary of Labs which was included in the 1984 Return, the Company would be liable, together with the Labs' liquidating trust and the other former subsidiaries of Labs which are included in the 1984 Return, for any tax deficiencies arising out of the audit of the 1984 Return and any interest and penalties thereon (although such liabilities, as among them, may be subject to applicable tax sharing agreements).

The IRS sent a Notice of Deficiency to Labs on July 12, 1991 (the "Labs Notice"). In the Labs Notice, the IRS asserted that the two transactions described above gave rise to income which should have been recognized by Labs on its consolidated return which included the other members of its consolidated group, including the Company. The IRS asserted penalties, as well as the tax deficiency.

Although the Labs Notice was addressed only to Labs and purported to be sent to Labs alone (and not in its capacity as parent of the consolidated group), as a protective measure, the Company (as did the other members of Labs' consolidated group) filed a petition disputing the proposed deficiency and penalties with the United States Tax Court.

As expected, the IRS has determined that the Labs Notice was not issued to the Company, and has issued a notice of deficiency, dated December 31, 1991, directly to the Company ("Company Notice"). The IRS issued similar notices to the other members of

Labs' consolidated group.

The IRS filed motions to dismiss all the petitions filed in reply to the Labs Notice, including those filed on the Company's behalf. Based upon the IRS's representation that it will not challenge the jurisdiction of the Tax Court over a petition filed by a Labs subsidiary in reply to a notice of deficiency issued directly to such subsidiary (e.g., the Company Notice), the Company joined the IRS in its request to dismiss the Company's petition (in reply to the Labs Notice) for lack of jurisdiction. The Tax Court has granted the motions to dismiss the petitions which were filed by the Company and the other subsidiaries. The Company has filed a timely petition in reply to the Company Notice.

The Company Notice differs from the Labs Notice in that the Company Notice asserts no deficiency with respect to Labs' December 1983 distribution of all of its stock of TCC and asserts no penalties at all. The tax deficiency asserted is approximately $37,000,000, in lieu of the approximately $129,500,000 tax deficiency asserted in the Labs Notice. Interest is reduced accordingly. It is anticipated that the IRS will not pursue the issues of the taxability of the 1983 distribution of TCC stock or the penalties asserted in the Labs Notice, but no assurance can be given at this time that it will not do so.

In February 1992, TCC received from the same IRS agent a memorandum preliminarily asserting that Labs, in its consolidated federal income tax return for its short taxable year ended in June 1985, should have recognized gain on the liquidating distribution of its shares of the stock of the Company and of Cooper Development Company (then known as Cooper Biomedical, Inc.), as well as other assets.

The Company will contest vigorously the claim that has been asserted and any future claim that is asserted against it. If the IRS pursues either or both of the remaining issues and then prevails on the merits on either issue, the financial position of the Company would be materially and adversely affected. In the opinion of management of the Company, after consultation with counsel, the likelihood that the IRS would prevail on either of the remaining issues is remote.

NOTE 4.

In the opinion of the Company, the accompanying unaudited financial statements contain all adjustments necessary to present fairly the Company's financial position as of January 31, 1992 and October 31, 1991 and the results of its operations and its cash flows for the three month periods ended January 31, 1992 and 1991.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

a. Three Months Ended January 31, 1992 Compared With Three Months Ended January 31, 1991:

Currently the Company has one operating company, Moore Sports Ltd. and its assets consist primarily of cash, cash equivalents and shares of the TCC Preferred Stock.

General and administrative expenses associated with continuing operations increased by $241,000, or 68%, from $357,000 in the prior period to $598,000 in the three months ended January 31, 1992. The Company's general and administrative expenses changed primarily as follows: legal and professional fees increased by $239,000; salaries, insurance and other expenses decreased by $124,000. Expenses of the Company's subsidiary, Moore Sports Ltd., amounted to $126,000 and were composed primarily of product development, market research, advertising and similar expenses.

Dividend income increased by $70,000 due to the compounding effect of receiving dividends on the TCC Preferred Stock that have, to date, been paid in additional shares of TCC Preferred Stock. (See Note 1 of Notes to Consolidated Financial Statements.) Interest income decreased by $22,000 as a result of lower cash balances.

Interest expense increased by $35,000 primarily as a result of the cost of borrowing $1,250,000 from an affiliate on October 31, 1991.

b. Impact of Statement of Financial Accounting Standards Issued But Not Adopted:

In February, 1992, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes ("Statement 109"), which requires adoption of a new method for accounting for income taxes. Under Statement 109, a liability approach is used to calculate deferred income taxes. The provision or credit for deferred income taxes that will affect income each year will be the change in the estimated deferred income tax liability from year to year. Statement 109 is effective for years beginning after December 15, 1992 and, although not required, earlier adoption is permitted. In adopting Statement 109, the Company has the option of reporting the cumulative effect of the change in accounting principle at the beginning of the year of adoption or restating the prior years' financial statements to conform to the provisions of Statement 109. The Company has not yet determined the impact on its consolidated financial statements; however, management believes that the impact will not be significant.

c. Capital Resources and Liquidity:

The Company believes that its liquid assets should be sufficient to meet current operating expenses and other cash requirements. It may, however, augment its existing liquid assets with the proceeds of additional debt and/or equity financing transactions. In order to be able to implement its primary goal of acquiring operating businesses, the Company must utilize the TCC Preferred Stock (which is its principal asset) to provide the majority of the purchase price. In this connection, the Company and its investment advisors are exploring such transactions as an outright sale of the TCC Preferred Stock, an acquisition loan to the Company (which would be collateralized by the TCC Preferred Stock), and/or a joint venture transaction pursuant to which the Company would contribute the TCC Preferred Stock and the co-venturer would contribute an operating business.

The Company did not have any material capital commitments at January 31, 1992.

PART II. OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

Guenther, et al. v. Cooper Life Sciences, Inc., et al.

The Company, and other individuals and entities, is a defendant in an action in the United States District Court for the Northern District of California filed by George R. Guenther and other individuals (the "Guenther Suit"). In April 1989, plaintiffs filed their Second Amended and Supplemental Complaint (the "Complaint"). The Complaint alleges that the Company and the other defendants committed violations of provisions of the federal securities laws, and also engaged in a breach of fiduciary duty owed to the Company's stockholders, common law fraud and common law negligent misrepresentation. The Complaint seeks unspecified monetary damages from all defendants. The Complaint also asserts a derivative claim by John H. Richter, a stockholder of the Company, purportedly brought on behalf of the Company against certain individuals and entities.

In 1990 and 1991, the parties held several informal meetings with a settlement judge, and had other informal settlement discussions. The Court has scheduled trial in this matter for October 5, 1992.

The Company has moved for partial summary judgement dismissing the plaintiff's claims brought pursuant to Section 11 of the Securities Act of 1933, as amended.

On April 18, 1991, the Company entered into a settlement agreement with Employer's Insurance of Wausau ("Wausau") pursuant to which, without resolving issues regarding coverage of the Guenther litigation under insurance policies issued by Wausau to the Company, Wausau agreed, pursuant to certain restrictions and contingencies, to pay most of the costs and attorneys' fees incurred by the Company in defense of the Guenther Suit. The continuance of such payments may depend upon the resolution by the California Supreme Court of legal issues raised in an appeal in an otherwise unrelated case. An adverse decision in that appeal might also entitle Wausau to recover from the Company amounts paid by Wausau for legal services and costs incurred subsequent to (but not prior to) April 18, 1991.

Berlex Laboratories, Inc. v. Cooper Life Sciences, Inc., et al.

In June 1988, Berlex Laboratories, Inc. ("Berlex") filed a number of related actions in the Superior Court of New Jersey, the United States District Court for the District of New Jersey, the United States District Court for the District of Delaware, the United States District Court for the District of Massachusetts, and the United States District Court for the District of the Virgin Islands. Defendants in those actions are the Company, Cooper Holdings, Inc., Cooper Development Company ("CDC"), TCC, The First National Bank of Boston, solely in its capacity as Trustee of the Cooper Laboratories, Inc. Stockholders' Liquidating Trust (the "Trustee"), and other individual and corporate defendants.

By these actions, Berlex is seeking to force the Company, CDC and TCC, the Trustee and the various individual and corporate defendants to ensure that Berlex will be indemnified, if the need for indemnification should arise, with regard to Diethylstilbestrol ("DES") claims and environmental problems that could arise at the Virgin Islands and Cedar Knolls facilities sold to Berlex by Cooper Laboratories, Inc. ("Labs") (the former parent company of the Company, CDC and TCC) in 1979 along with certain assets of Labs' internal medicine business.

On May 10, 1991, a settlement agreement (the "Settlement Agreement") was reached in connection with the Cedar Knolls facility only. The Settlement Agreement, funded entirely by the Trustee and the co-Defendant, Penwalt (now known as Atochem), does not require any contribution by the Company.

In January 1992, a final settlement agreement (the "Final Settlement Agreement") was reached in connection with all remaining litigation, including claims relating to the Virgin Islands facility. Pursuant to the Final Settlement Agreement, which does not require any contribution by the Company, Berlex agrees to release the defendants, including the Company, and the defendants agree to release Berlex and each other from all outstanding claims, including those relating to environmental contamination at the Virgin Islands facility in the United States District Court, District of New Jersey action, the United States District Court, District of Delaware action, the United States District Court, District of the Virgin Islands action, and the New Jersey Superior Court Action.

This Final Settlement Agreement pertaining to the Virgin Island facility together with the Settlement Agreement for the Cedar Knolls facility mentioned above, settles all the actions brought by Berlex against the Company and the other individual and corporate defendants. However, in February 1992, CHS Holding Corporation filed a motion in the United States District Court, District of Virgin Islands, to amend their answer and counterclaim in order to add a cross-claim against Cooper Holdings, Inc. As the Company was never a party to the Virgin Islands action, the existence of this cross-claim should have no bering upon the Company.

Patricia Sutyak, Executrix of the Estate of Nancy Soltis, Deceased v. Jose Arias, M.D., et al.

On July 18, 1991, Patricia Sutyak, the executrix of the estate of Nancy Soltis, deceased, commenced an action against several defendants, including the Company, in the Court of Common Pleas of Cuyahoga County, Ohio. In this action, the plaintiff claims that in July 1989 her decedent died during surgery at Deaconess Hospital, that the doctors performing the surgery acted negligently, causing the plaintiff's decedent's death, and that during the course of the surgery, a surgical laser system, allegedly negligently designed, manufactured and sold by the Company or its successor in interest Heraeus LaserSonics, Inc. ("Heraeus"), was used and that the use of such machine was a proximate cause of plaintiff's decedent's death. The Company sold its surgical laser business to Heraeus in May 1988. Deaconess Hospital, the doctors who performed the surgery and Heraeus are also named as defendants. Plaintiff is seeking an unspecified amount of damages for her decedent's next of kin, as well as pain suffered prior to decedent's death, incurred medical expense and loss of enjoyment of life. This action is in the early stages of pleading and discovery. The Company believes that it has meritorious defenses and intends to vigorously defend this action.

Sobrato Development Companies, et al. v. Litronix Inc., et al.

On September 4, 1990, a number of plaintiffs affiliated with John A. Sobrato (collectively, "Sobrato") commenced an action in the United States District Court for the Northern District of California against Litronix, Inc., Labs, CooperVision, Inc., TCC, CDC, the Company and Revo, Inc., a subsidiary of CDC.

Plaintiffs contend that they own property on which hazardous substances are located. They allege that, as a result, the United States Environmental Protection Agency has demanded reimbursement for response costs and interest. Plaintiffs further allege that defendants, including the Company, were tenants as to that property and caused or permitted the release of hazardous substances on the property. Plaintiffs seek from the defendants, including the Company, contribution, cost recovery and indemnity allegedly based upon the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and California common law.

The Company has responded to interrogatories, requests for admissions and document requests submitted by plaintiffs and has filed counterclaims against the plaintiffs. In addition, some parties in the action have brought cross-claims against the Company, in essence for contribution and indemnity. The Company has brought similar claims against some of the parties.

The Company is also a defendant in certain other litigations relating to its former business operations.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8K

b. There were no reports on Form 8-K filed during the period from November 1, 1991 to January 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COOPER LIFE SCIENCES, INC.
(Registrant)

Date: March 13, 1992 By:
Steven Rosenberg
Vice President and Chief
Financial Officer

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OF 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

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For the quarterly period Ending: January 31, 1992

Commission File Number: 0-17623

Database Technologies, Inc.
(Exact name of registrant as specified in its charter)

Delaware	02-0429620
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
390 D.W. Highway South, Suite 5, Bedford,NH	03110
(Address of principal executive offices)	(Zip Code)

(603) 641-5201
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1(has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[x] Yes [ ] No

Number of shares outstanding of the issuer's classes of common stock, as of January 31, 1992:

Common stock $.001 par value 12,381,082

Total pages: 16

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Q-Data Corp. - St. Petersburg, FL

PART I: FINANCIAL INFORMATION

ITEM 1 - Financial Statments

(following pages)

DATABASE TECHNOLOGIES, INC.

BALANCE SHEET

JANUARY 31, 1992

	JANUARY 31,1992 (Unaudited)	APRIL 30,1991 (*)
A S S E T S		
CURRENT ASSETS:		
Cash	$ 10,144	$ 3,878
Accounts Receivable		
-trade (Note 8) (less allowance for doubtful accounts)	2,329	4,040
-Pathfinder (Note 2)	0	0
Notes receivable		
-Pathfinder (Note 2)	0	0
Prepaid expenses	1,305	83
Total current assets	13,778	8,001
PROPERTY AND EQUIPMENT (NOTE 1);		
Equipment,Furniture & Fixtures	7.069	7,069
Les: Accumulated depreciation	6,401	3,601
Net property and equipment	668	3,468
OTHER ASSETS:		
Other assets	151	850
Organization costs, net of accumulated amortization (Note 1)	2,072	2,892
Net other assets	2,223	3,742
Total assets	$ 16,669	$ 15,211

Continued -1

DATABASE TECHNOLOGIES, INC.

BALANCE SHEET

JANUARY 31, 1992

	JANUARY 31, 1992 (Unaudited)	APRIL 30, 1991 (*)
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Notes Payable		
- officer/stockholder (Note 2)	$ 70,339	$ 92,238
Accounts payable		
- trade	566	16,738
- related parties (Note 2)	18,820	18,820
- shareholder	0	20,351
Accrued expenses	0	368
Unearned income on contract	13,398	0
Capital lease obligation	0	699
Total current liabilities	103,123	149,214
Committments and Contingencies (Note 7)	0	8,605
STOCKHOLDERS' EQUITY (Note 6)		
Common stock-par value $0.001 authorized 2,500,000 shares, 2,381,082 issued	2,381	2,381
Additional paid-in capital	12,154	12,154
Accumulated Deficit	(134,327)	(157,143)
Total stockholders' equity	(119,792)	(142,608)
Total liabilities and stockholders' equity	16,669	15,211

The accompanying notes to financial statements are an integral part of this statement.

(*) Condensed from the Company's audited financial statements.

DATABASE TECHNOLOGIES, INC.

STATEMENT OF INCOME

THREE MONTHS ENDING JANUARY 31, 1992
and
NINE MONTHS ENDING JANUARY 31, 1992

	Three Months Ending Jan. 31, 1992 (Unaudited)	Three Months Ending Jan. 31, 1991 (Unaudited)	Nine Months Ending Jan. 31, 1992 (Unaudited)	Nine Months Ending Jan. 31, 1991 (Unaudited)
REVENUE (note 6)	$ 76,968.	$ 37,577.	$ 194,569.	$ 93,218.
COST OF REVENUE	43,802.	12,989.	79,436.	31,797.
Gross profit	33,166.	24,588.	115,133.	61,421.
OPERATING EXPENSES				
Selling & Delivery	16,100.	10,806.	37,463.	42,073.
General & Admin.	12,025.	13,478.	48,322.	44,692.
Total operating expenses	28,125.	24,284.	85,785.	86,765.
Profit(loss) from Operations	5,041.	304.	29,348.	(25,344)
OTHER INCOME (EXPENSE)				
Interest Expense	(2,635)	(3,966)	(7,907)	(10,607)
Other Income	1,375.	0	1,375.	0
Net Expense	(1,260)	0	(6532)	0
NET PROFIT (LOSS) before income taxes (Note 4)	3,781.	(3,662)	22,816.	(35,951)
NET INCOME (LOSS)	$ 3,781.	$ (3,662)	$ 22,816.	$(35,951)
NET PROFIT (LOSS) PER SHARE (Note 9)	$.0016	($.003)	$.0096	($.03)

The accompanying notes to financial statements are an integral part of this statement.

DATABASE TECHNOLOGIES INC.

STATEMENT OF STOCKHOLDERS' EQUITY

NINE MONTHS ENDING JANUARY 31, 1992

	Common Stock		Additional Paid-in Capital	Retained Earnings	Total
	Shares	Amount			
BALANCE AT April 30, 1991	2,381,082	$2,381	$12,154	(157,143)	(142,608)
Net Profit				22,816	22,816
BALANCE AT Jan.31,1992	2,381,082	2,381	12,154	(134,327)	(119,792)

The accompanying notes to financial statements are an integral part of this statement.

DATABASE TECHNOLOGIES, INC.

STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDING JANUARY 31, 1992
and
FOR THE NINE MONTHS ENDING JANUARY 31, 1992

	Three Months Ending Jan.31,1992 (Unaudited)	Three Months Ending Jan.31,1991 (Unaudited)	Nine Months Ending Jan.31,1992 (Unaudited)	Nine Months Ending Jan.31,1991 (Unaudited
CASH FLOW FROM OPERATING ACTIVITES;				
Net Income (Loss)	$ 3,781	$ (3,662)	$ 22,816	$ (35,951)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation & Amortization	2,000	550	2,800	1,650
(Increase) Decrease in the following:				
Assets:				
Accounts Receivable				
Trade	1,619	969	1,711	4,380
Affiliates	291	0	219	2,693
Prepaid expense	(1,222)	0	(1,222)	0
(Decrease) Increase in the following liabilities:				
Accounts payable:				
Trade	(1,732)	(4,150)	(14,539)	(673)
Stockholder	(10,766)	0	(26,465)	89
Deferred revenue	13,398	(1,014)	49,565	(1,708)
Accrued Expenses -stockholder	0	13,971	0	40,386
Net cash used in Operating Activities	6,605	6,664	30,800	8,624

Continued -1

DATABASE TECHNOLOGIES, INC.

STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDING JANUARY 31, 1992
and
FOR THE NINE MONTHS ENDING JANUARY 31, 1992

	Three Months Ending Jan.31,1992 (Unaudited)	Three Months Ending Jan.31,1991 (Unaudited)	Nine Months Ending Jan.31,1992 (Unaudited)	Nine Months Ending Jan.31,1991 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Payments on lease receivable	0	68	0	1,028
Capital expenditures	0	(2,569)	0	(2,569)
Net cash used in investing activities	0	(2,501)	0	(1,541)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Payment Note Payable -officer/stockholder	0	0	(21,899)	0
Payment of interest	(2,635)	0	(2,625)	0
NET INCREASE (DECREASE) IN CASH	3,430	4,179	6,266	6,384
CASH, Beginning of period	6,714	2,532	3,878	327
CASH, End of Period	10,144	6,711	10,144	6,711

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

CASH PAYMENTS FOR:				
Interest	2,635	0	2,635	0
Income taxes	0	0	0	0

SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING ACTIVITIES

Issuance of common stock in exchange for services	0	0	0	10,000

The accompanying notes to financial statements are an integral part of this statement.

Database Technologies, Inc.
Notes To Financial Statements
April 30, 1991

1. Summary Of Significant Accounting Policies:

Background:

Database Technolgies, Inc. ("the Company") was incorporated under the laws of the State Of Delaware on November 4, 1988. The Company operates a computerized database containing current prices of certain electronic merchandise from various vendors. The Company provides this information to assist insurance company adjusters in processing claims. The Company's principal source of revenue is licensing fees obtained from various insurance companies for the use of the database.

Depreciation And Amortization:

Property And Equipment: Property and equipment are recorded at cost. Depreciation and amortization are computed on the straight line method over the following estimated useful lives:

Asset	Years
Equipment, Furniture And Fixtures	5

Costs of maintenance and repairs are charged to expense while costs of significant renewals and betterments are capitalized.

Organization Costs:

Organization Costs are being amortized on a straight line method over a period of five years. Accumulated amortization as of April 30,1991 is $ 2892.

Income Taxes:

No provision for income taxes has established due to accumulated loss in the prior year and the current year. The company has elected to carry any accumulated losses forward.

Fiscal Year	Year carryforward Expires
1990	2005
1991	2006

Database Technologies, Inc.
Notes to Financial Statements
April 30,1991

2. Related Party Transactions:

Affiliates:

The Company is affiliated with Pathfinder Data Group, Inc. ("PDG") through common owenership (Note). Accordingly, the Company is associated with the wholly-owned subsidiary of PDG, namely Pathfinder Database, Inc. ("PDB").

The following is a summary of significant transactions and events:

On December 8, 1988, PDG assigned all of the rights and obligations associated with the database and the related software to the Company.

On June 30, 1989, PDB filed a petition for reorganization under Chapter 11 of the Bankruptcy Code. This petition was changes to a filing for liquidation under Chapter 7 of the Bankruptcy Code.

As of April 30, 1990 PDG continued in existence, however, it had effectively ceased operations.

The Company's balance sheet includes the following related party balances as of April 30, 1990

Accounts Receivable PDG	$ 45,000
Allownace For Bad Debts	45,000
	$ -0-
Accounts Payable - PDB	$ 4,468
Accounts Payable - PDG	14,352
	$ 18,820

Notes Payable - Shareholder:

The notes payable to shareholder of $ 92,238 are unsecured and bear interest at a rate of 14% per annum. The accounts payable to shareholder are unsecured and bear no interest rate.

Notes Payable - Shareholder	$ 92,238
Accounts Payable - Shareholder	20,351
	$112,589

Capital Lease:

The Company leases certain computer equipment from the princcipal sahreholder of the Company for $ 179 per month. This has been recorded as a capital lease as follows:

Equipment	$ 4,545
Less: Accumulated Amortization	2,403

The following is a schedule of future minimum lease payments under the above capital lease, together with the present value of the net minimum lease payments for the year ended April 30,1992.

Minimum Lease Payment	$ 716
Amount Representing Interest	17
Present Value Of Net Minimum Lease Payments	699

Database Technologies, Inc.
Notes To Financial Statements
April 30, 1991

3.Net Investment In Lease:

The Company leases computers to insurance companies under sales type leases. The leases run from one year to and eighteen months in length. The last lease expires in February 1992. The total of lease payments received in the current fiscal year was $ 7,475. Of this amount $ 3,000 represents unearned income.

4.Income Taxes:
No provision for income taxes has established due to accumulated loss in the prior year and the current year. The company has elected to carry any accumulated losses forward.

Fiscal Year	Year carryforward Expires
1990	2005
1991	2006

5.Common Stock:
The Company is authorized to issue two million five hundred thousand (2,500,000) shares of common stock. The par value of each share is $.001.

On July 7,1989, the Company issued 2,281,192 shares of common stock at par to the Pathfinder Data Group, Inc.'s shareholders of record as of June 9, 1989.The financial statements of the Company reflect the issuance of these shares as of April 30,1989 as if the shares had been issued at that date and not the effective date of the issuance. The retroactive treatment of the common stock issuance is not in accordance with generally accepted accounting principles.

On July 7, 1990 the company issued 100,000 shares of common stock at $.01 per share for a total of $10,000. These shares were issued in consideration for marketing services by an individual.

6. Major Customer:
No customer accounted for more then 10% of total revenue during the year ended April 30,1991.

7.Commitments & Contingencies:
Lease
On November 19, 1989, the Company entered into an agreement to lease office space at $ 450 per month for a period of 24 months. The cost of this lease for the year ended April 30, 1991 was $ 5,400.

Database Technologies, Inc.
Notes To Financial Statements
April 30,1991

7.Commitments & Contingencies (Continued):

Petition For Attachment

In May 1990, a petition of judgement was filed against PDB,PDG,and the COmpany to satisfy a judgement against these companies in the amount of $ 72,000 for certain unpaid professional fees.

Management of the Company contests the validity of this attachment of the Company's assets, alleging that the Company was not a party to the contract for professional services.

Based on the above uncertainties and the inability to determine the true liability of the Company, if any, no provision has been made to provide for this liability, if any, in the Company's financial statement at april 30, 1991.

On June 10, 1991 Motion For Summary Judgement was filed anainst the Company for unpaid professional fees in the amount of $ 8,605. These fees are unrelated to the above attachment. A liability has been recorded on the Company's books for the full amount of these fees.

8.Going Concern:

The Company incurred a net loss of $ 146,533 for the year ended April 30, 1990 and $ 27,617 for the year ended April 30,1991. As of April 30, 1991 liabilities exceeded assets by $ 142,608. These factors indicate that the company may be unable to continue as a going concern.

The Company's ability to achive profitabilty is uncertain. These financial statements do not contain any adjustments to the carrying value of assets and the classification of liabilities should the Company be unable to continue in existance.

9. Loss Per Share

The loss per common share for the year ended April 30, 1991 has been computed based on the weighted average number of shares outstanding of 2,381,082.

DATABASE TECHNOLOGIES,INC.

FORM 10-Q JANUARY 31,1992

PART I: FINANCIAL INFORMATION

ITEM 2- Management's Discussion and Analysis of Financial Condition and Results of Operations.

Revenues

The Registrant's revenues for the third quarter ended January 31, 1992 were double the revenues for the same quarter the prior year. In addition the revenues for the nine month period ended January 31, 1992 were over double the revenues for the same period the prior year.This increase in revenues reflects the new installations of database systems during the period.

The cost of revenue for the third quarter ended January 31, 1992 increased by almost $31,000. over the same quarter the prior year and the cost of producing this revenue rose to 57% of revenues from 35% of revenues for the prior year quarter, or a 22% increase in cost. For the nine months ended January 31, 1992 the cost of revenue increased to 41% from 34% for the same nine month period the prior year. An indication as systems were installed in the the third quarter the customer support costs of producing those revenues increased.

Operating Expenses

The Registrant's total operating expenses in the quarter ended January 31, 1992 were $28,125 as compared to the prior year quarter of $24,284. An analysis of the two components however saw a shift with selling and delivery increasing by $5300. and general an administrative expenses decreasing by $1,400. This reflects a slight increase in the cost of producing and delivering the systems and the additional time and selling effort was expended in prospecting for new business.

For the nine months ended January 31, 1992 total operating expenses decreased by $1,000.over the same period the prior year but most of this was attributed to reductions in expenses occuring in the first quarter of the current fiscal period.

For the current quarter ended January 31, 1992 the Registrant realized a profit after interest expense of $3,781 and when compared to the same quarter the prior year which reported a loss of ($3,662.) represents the new installation revenues that are being generated. The nine month period ended January 31, 1992 also produced a profit of $12,816. as compared to a loss for the same nine months of the prior period of ($35,951). The Registrant is anticipating this trend will continue during the current fiscal year.

Income Tax

No provision for Federal or State corporate income taxes has been made due to the tax loss carryforward from prior tax years.

Liquidity and Capital Resources

The Registrant is of the opinion the new revenues currently being generated will reduce the liquidity crunch that has been a problem for Management. The proceeds from cash flow generated by operations are being applied to the reduction of corporate indebtedness and accounts payable. Management is of the opinion expansion will not be on the agenda in the near term until debt reduction has been accomplished and that expansion can be funded from existing cash flow. The capital markets and the current economic climate do not lend to aggressive expansion.

PART II: OTHER INFORMATION

ITEM 1 - Legal Proceedings

None.

ITEM 2 - Changes in Securities

None.

ITEM 3 - Defaults Upon Senior Securities

None.

ITEM 4 - Submission of Matters to a Vote of Security Holders

None.

ITEM 5 - Other Information

Not applicable.

ITEM 6 - Exhibits and Reports on Form 8-K

a. Exhibits

None

b. Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATABASE TECHNOLOGIES INC.

(Registrant)

MAR 3 1992

(Date)

(Signature)

Allan S. Wolfe:
Chairman of the Board, President,
Chief Executive Officer, Chief
Financial Officer, and a Director

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O 21922 Q-356604

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FORM 10-Q

O 234860
Q 356696

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(X) Quarterly Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

[redacted]

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For quarter ended January 31, 1992

Commission file number 33-38482

33-12285 1. Ferrellgas, Inc.
33-38482-02 2. Ferrell Companies, Inc.
33-38482-03 3. One Liberty Oil Company

(Exact name of registrants as specified in their charters)

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Delaware	73-1285864
Kansas	48-0587968
Missouri	43-1180681
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Nos.)

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Q-Data Corp. - St. Petersburg, FL

One Liberty Plaza, Liberty, Missouri 64068

(Address of principal executive offices)

Registrants' telephone number, including area code: (816) 792-1600

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes X No __

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of January 31, 1992:

Ferrellgas, Inc. - 1,000 shares of $1 par value common stock
Ferrell Companies, Inc. - 2,573,100 shares of Class A common stock
843,275 shares of Class B common stock
5,841 shares of $.01 par value Class M common stock
One Liberty Oil Company - 100 shares of $1 par value common stock

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FERRELLGAS, INC.
FERRELL COMPANIES, INC.
ONE LIBERTY OIL COMPANY

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Consolidated Statement of Operations - Six months ended January 31, 1992 and 1991 — 3

Consolidated Statement of Cash Flows - Six months ended January 31, 1992 and 1991 — 4

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Ferrell Companies, Inc. and Subsidiaries

Consolidated Balance Sheet - January 31, 1992, and July 31, 1991 — 6

Consolidated Statement of Operations - Three months ended January 31, 1992 and 1991 — 7

Consolidated Statement of Operations - Six months ended January 31, 1992 and 1991 — 8

Consolidated Statement of Cash Flows - Six months ended January 31, 1992 and 1991 — 9

Notes to Consolidated Financial Statements — 10

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — 11

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FERRELLGAS, INC.
(a wholly-owned subsidiary of
Ferrell Companies, Inc.)
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(In thousands except for share data)

Assets	January 31, 1992 (unaudited)	July 31, 1991 (audited)
Current assets:		
Cash and cash equivalents	$ 53,165	$ 42,228
Accounts and notes receivable	83,754	55,826
Inventories	25,803	21,434
Prepaid expenses and other current assets	4,318	2,319
Receivable from parent and affiliate	733	160
Total current assets	167,773	121,967
Property, plant and equipment	316,743	318,203
Intangible assets	86,689	89,587
Other assets	18,976	19,204
Investment in Class B redeemable common stock of parent	23,721	23,721
Note receivable from parent	2,174	2,035
	$616,076	$574,717

Liabilities and Stockholder's Equity		
Current liabilities		
Accounts payable	$ 40,894	$ 35,579
Short-term borrowings	3,075	-
Current portion of long-term debt	2,008	2,155
Accrued interest expense	11,114	11,751
Other current liabilities	18,042	19,079
Total current liabilities	75,133	68,564
Long-term debt	502,191	466,585
Other liabilities	6,638	6,931
Deferred income taxes	8,037	8,268
Long-term notes payable to parent and affiliate	2,781	2,682
Comon stock, one dollar par value; 10,000 shares authorized; 1,000 shares issued and outstanding	1	1
Additional paid-in capital	25,367	25,367
Accumulated deficit	(4,072)	(3,681)
	$616,076	$574,717

See notes to consolidated financial statements.

FERRELLGAS, INC.
(a wholly-owned subsidiary of
Ferrell Companies, Inc.)
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(unaudited)
(in thousands)

	For the three months ended	
	January 31, 1992	January 31, 1991
Revenues:		
Gas liquids and related products	$188,352	$204,137
Other	5,300	8,187
Total revenues	193,652	212,324
Costs and expenses:		
Cost of products sold	106,161	120,992
Operating	37,123	37,156
Depreciation and amortization	7,660	8,817
General and administrative	2,371	3,305
Vehicle leases	1,143	1,037
Total costs and expenses	154,458	171,307
Operating income	39,194	41,017
Loss on disposal of assets	(295)	(241)
Interest income	1,211	695
Interest expense	(15,593)	(15,365)
Earnings from continuing operations before income taxes and extraordinary loss	24,517	26,106
Income tax expense	9,433	10,260
Earnings from continuing operations before extraordinary loss	15,084	15,846
Extraordinary loss from refinancing of debt, net of income tax benefit of $6,116	9,979	-
Net earnings	$ 5,105	$ 15,846

See notes to consolidated financial statements.

FERRELLGAS, INC.
(a wholly-owned subsidiary of
Ferrell Companies, Inc.)
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(unaudited)
(In thousands)

	For the six months ended	
	January 31, 1992	January 31, 1991
Revenues:		
Gas liquids and related products	$295,358	$330,504
Other	12,557	17,547
Total revenues	307,915	348,051
Costs and expenses:		
Cost of products sold	170,729	198,965
Operating	69,847	68,839
Depreciation and amortization	15,479	17,438
General and administrative	4,966	6,315
Vehicle leases	2,212	2,023
Total costs and expenses	263,233	293,580
Operating income	44,682	54,471
Loss on disposal of assets	(454)	(457)
Interest income	2,064	1,647
Interest expense	(30,608)	(30,734)
Earnings from continuing operations before income taxes and extraordinary loss	15,684	24,927
Income tax expense	6,096	10,067
Earnings from continuing operations before extraordinary loss	9,588	14,860
Extraordinary loss from refinancing of debt, net of income tax benefit of $6,116	9,979	-
Net earnings (loss)	$ (391)	$ 14,860

See notes to consolidated financial statements.

FERRELLGAS, INC.
(a wholly-owned subsidiary of
Ferrell Companies, Inc.)
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)
(In thousands)

	For the six months ended January 31, 1992	For the six months ended January 31, 1991
Cash flows from operating activities:		
Earnings from continuing operations:	$ 8,888	$ 14,806
Reconciliation of earnings to net cash provided by continuing operations:		
Depreciation and amortization	16,479	17,438
Amortization of capitalized financing costs	1,232	1,124
Amortization of note discount	298	272
Provision for losses on accounts receivable	1,109	1,144
Loss on disposal of assets	454	457
Increase in assets:		
Accounts and notes receivable	(29,353)	(66,575)
Inventories	(4,369)	(8,569)
Prepaid expenses and other current assets	(2,349)	(1,839)
Increase (decrease) in liabilities:		
Accounts payable	5,316	24,144
Accrued interest expense	(632)	6,484
Other current liabilities	(1,616)	4,191
Other liabilities	249	(979)
Deferred income taxes	5,885	9,741
Net cash provided by operating activities	1,590	1,893
Cash flows from investing activities:		
Capital expenditures	(10,930)	(19,960)
Proceeds from asset sales	1,757	684
Additions to intangible assets	(2,175)	(4,568)
Additions to other assets	(203)	(330)
Net cash used in investing activities	(11,551)	(24,174)
Cash flows from financing activities:		
Net short-term borrowings	3,076	-
Additions to long-term debt	246,841	1,575
Reductions of long-term debt	(211,477)	(1,693)
Additional payments to retire subordinated debt	(11,963)	-
Additions to financing costs	(4,740)	-
Advances from (to) parent and affiliate	(818)	(1,021)
Investment in Class B redeemable common stock of parent	-	(11)
Net cash provided (used) by financing activities	20,898	(1,150)
Increase (decrease) in cash and cash equivalents	10,937	(23,431)
Cash and cash equivalents - beginning of period	42,228	36,707
Cash and cash equivalents - end of period	$ 53,165	$ 13,276

See notes to consolidated financial statements.

FERRELLGAS, INC.
(a wholly-owned subsidiary of
Ferrell Companies, Inc.)
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the periods ended January 31, 1992 and 1991
(unaudited)

A. Reference should be made to the Notes to Consolidated Financial Statements for the fiscal years ended July 31, 1991, 1990 and 1989, included in the registration statement on Form S-1 (Commission File No. 33-39932) filed with the SEC.

B. The financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the interim periods presented. All adjustments to the financial statements were of a normal, recurring nature.

C. The propane industry is seasonal in nature with peak activity during the winter months. Therefore, the results of operations for the periods ended January 31, 1992 and 1991, are not necessarily indicative of the results to be expected for a full year.

D. On August 1, 1991, Ferrellgas, Inc. and Subsidiaries (the Company) revised the estimated useful lives of storage tanks from 20 to 30 years in order to more closely reflect expected useful lives of the assets. The effect of this change in accounting estimate resulted in an increase of $971,000 in the net earnings for the three months ended January 31, 1992, and a decrease of $1,881,000 in the net loss for the six months ended January 31, 1992.

E. In December 1991 the Company issued, at 98.418% of face value, $250,000,000 of 11 5/8% Senior Subordinated Debentures due 2003. A portion of the proceeds were used to redeem the Company's existing subordinated debt, together with a prepayment premium, leaving the remainder available to finance future acquisitions. The refinancing of the subordinated debt resulted in an extraordinary loss from prepayment premium and write-off of financing costs of approximately $9,879,000, net of income tax benefit.

FERRELL COMPANIES, INC.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(In thousands except for share data)

Assets	January 31, 1992 (unaudited)	July 31, 1991 (audited)
Current assets:		
Cash and cash equivalents	$ 53,334	$ 42,321
Accounts and notes receivable	83,888	55,961
Inventories	25,803	21,434
Prepaid expenses and other current assets	4,343	2,326
Total current assets	167,368	122,042
Property, plant and equipment	316,794	318,254
Intangible assets	86,689	89,587
Other assets	16,882	17,233
Net assets related to discontinued operations	5,491	5,491
	$593,224	$ 552,607

Liabilities and Stockholder's Equity	January 31, 1992 (unaudited)	July 31, 1991 (audited)
Current liabilities:		
Accounts payable	$ 40,894	$ 35,679
Short-term borrowings	3,075	-
Current portion of long-term debt	2,020	2,167
Accrued interest expense	11,114	11,751
Other current liabilities	18,042	19,079
Total current liabilities	75,145	68,676
Long-term debt	502,408	466,813
Other liabilities	14,605	18,763
Deferred income taxes	4,534	4,765
Class B redeemable common stock	16,111	16,211
Common stock, no par value; 3,550,000 shares authorized; 2,573,100 shares issued and outstanding	211	211
Class M common stock, $.01 par value; 300,000 shares authorized; 5,891 issued and 5,841 outstanding	-	-
Additional paid-in capital	336	-
Accumulated deficit	(20,126)	(19,732)
	$593,224	$552,607

See notes to consolidated financial statements.

FERRELL COMPANIES, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(unaudited)
(In thousands except per share data)

	For the three months ended January 31, 1992	For the three months ended January 31, 1991
Revenues:		
Gas liquids and related products	$188,352	$204,137
Other	5,309	8,235
Total revenues	193,661	212,372
Costs and expenses:		
Cost of products sold	106,161	120,992
Operating	37,123	37,156
Depreciation and amortization	7,660	8,817
General and administrative	2,448	5,401
Vehicle leases	1,143	1,037
Total costs and expenses	154,535	173,403
Operating income	39,126	38,969
Loss on disposal of assets	(295)	(241)
Interest income	1,242	782
Interest expense	(15,553)	(15,176)
Earnings from continuing operations before income taxes and extraordinary loss	24,520	24,334
Income tax expense	9,434	9,551
Earnings from continuing operations before extraordinary loss	15,086	14,783
Extraordinary loss from refinancing of debt, net of income tax benefit of $6,116	9,979	-
Net earnings	$ 5,107	$ 14,783
Net earnings (loss) per common share:		
Earnings before extraordinary loss	$ 5.33	$ 5.02
Extraordinary loss	(3.52)	-
Net earnings	$ 1.81	$ 5.02

See notes to consolidated financial statements.

FERRELL COMPANIES, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(unaudited)
(in thousands except per share data)

	For the six months ended January 31, 1992	For the six months ended January 31, 1991
Revenues:		
Gas liquids and related products	$295,358	$330,504
Other	12,572	17,610
Total revenues	307,930	348,114
Costs and expenses:		
Cost of products sold	170,729	198,965
Operating	69,847	68,839
Depreciation and amortization	15,479	17,438
General and administrative	5,134	10,484
Vehicle leases	2,212	2,023
Total costs and expenses	263,401	297,749
Operating income	44,529	50,365
Loss on disposal of assets	(484)	(457)
Interest income	2,125	1,882
Interest expense	(30,520)	(30,406)
Earnings from continuing operations before income taxes and extraordinary loss	15,650	21,384
Income tax expense	6,065	8,650
Earnings from continuing operations before extraordinary loss	9,585	12,734
Extraordinary loss from refinancing of debt, net of income tax benefit of $6,116	9,979	-
Net earnings (loss)	$ (394)	$ 12,734
Net earnings (loss) per common share:		
Earnings before extraordinary loss	$ 3.72	$ 4.33
Extraordinary loss	(3.87)	-
Net earnings (loss)	$ (.15)	$ 4.33

See notes to consolidated financial statements.

FERRELL COMPANIES, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)
(In thousands)

	For the six months ended	
	January 31, 1992	January 31, 1991
Cash flows from operating activities:		
Earnings from continuing operations	$ 9,585	$ 12,734
Reconciliation of earnings to net cash provided by continuing operating activities:		
Depreciation and amortization	15,479	17,436
Amortization of capitalized financing costs	1,232	1,124
Amortization of note discount	298	272
Provision for losses on accounts receivable	1,109	1,144
Loss on disposal of assets	464	457
Increase in assets:		
Accounts and notes receivable	(29,352)	(66,560)
Inventories	(4,369)	(8,569)
Prepaid expenses and other current assets	(2,067)	(1,834)
Increase (decrease) in liabilities:		
Accounts payable	8,315	24,144
Accrued interest expense	(637)	6,030
Other current liabilities	(1,616)	4,175
Other liabilities	(616)	2,993
Deferred income taxes	6,885	8,325
Net cash provided by continuing operating activities	700	1,873
Cash flows from investing activities:		
Capital expenditures	(10,930)	(19,960)
Proceeds from asset sales	1,757	684
Additions to intangible assets	(2,175)	(4,568)
Additions to other assets	(80)	(370)
Cash used by discontinued operations	-	(2,505)
Net cash used in investing activities	(11,428)	(26,719)
Cash flows from financing activities:		
Net short-term borrowings	3,075	-
Additions to long-term debt	246,641	1,575
Reductions of long-term debt	(211,488)	(1,702)
Additional payments to retire subordinated debt	(11,983)	-
Additions to financing costs	(4,740)	-
Investment in Class B redeemable common stock	(100)	(11)
Proceeds from issuance of Class M stock	336	-
Net cash provided (used) by financing activities	21,741	(138)
Increase (decrease) in cash and cash equivalents	11,013	(24,984)
Cash and cash equivalents - beginning of period	42,321	38,356
Cash and cash equivalents - end of period	$ 53,334	$ 13,372

See notes to consolidated financial statements.

FERRELL COMPANIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Periods ended January 31, 1992 and 1991

(unaudited)

A. Reference should be made to the Notes to Consolidated Financial Statements for the fiscal years ended July 31, 1991, 1990 and 1989, included in the registration statement on Form S-1 (Commission File No. 33-39932) filed with the SEC.

B. The financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the interim periods presented. All adjustments to the financial statements were of a normal, recurring nature.

C. The propane industry is seasonal in nature with peak activity during the winter months. Therefore, the results of operations for the periods ended January 31, 1992 and 1991, are not necessarily indicative of the results to be expected for a full year.

D. On August 1, 1991, Ferrell Companies, Inc. and Subsidiaries (the Company) revised the estimated useful lives of storage tanks from 20 to 30 years in order to more closely reflect expected lives of the assets. The effect of this change in accounting estimate resulted in an increase of $971,000 in net earnings ($.34 per common share) for the three months ended January 31, 1992, and a decrease of $1,881,000 in the net loss ($.73 per common share) for the six months ended January 31, 1992.

E. In December 1991 the Company issued, at 98.418% of face value, $250,000,000 of 11 5/8% Senior Subordinated Debentures due 2003. A portion of the proceeds were used to redeem the Company's existing subordinated debt, together with a prepayment premium, leaving the remainder available to finance future acquisitions. The refinancing of the subordinated debt resulted in an extraordinary loss from prepayment premium and write-off of financing costs of approximately $9,979,000, net of income tax benefit.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of the historical financial condition and results of operations of Ferrellgas, Inc. and subsidiaries (the "Company") and Ferrell Companies, Inc. and its subsidiaries ("Ferrell"). The discussion should be read in conjunction with the financial statements and the notes thereto included elsewhere in this Form 10-Q.

Results of Operations - the Company

The propane industry is seasonal in nature with peak activity during the winter months. Due to the seasonality of the business, results of operations for the three months and six months ended January 31, 1992, are not necessarily indicative of the results to be expected for a full year. Other factors affecting the results of operations include competitive conditions, demand for product and fluctuations in propane prices.

Three Months Ended January 31, 1992 vs. January 31, 1991

Total Revenues. Total revenues decreased 8.8% to $193,652,000 as compared to $212,324,000 for the prior period. This decrease is attributable to revenues from retail operations decreasing 10.5% to $158,744,000 and revenues from other operations (wholesale propane marketing, chemical feedstocks marketing and net trading operations) decreasing .3% to $34,908,000.

The decrease in revenues attributable to retail operations resulted mainly from a decrease in selling price. The decrease in selling price is related to the end of the Persian Gulf crisis and to competitive pressures within the industry. In fiscal 1991, selling prices were increased in response to product cost increases brought about by the Persian Gulf crisis. The volume of gallons sold, excluding acquisitions, decreased slightly due to temperatures being warmer than normal and warmer than the prior year in the primary heating months. The decrease in selling price and volumes decreased total revenues by $20,581,000 and $808,000, respectively. *Acquisitions* in fiscal 1991 and 1992 increased fiscal 1992 revenues by $3,419,000.

Total revenues attributable to other operations decreased slightly as compared to fiscal 1991. Wholesale propane marketing revenues decreased as a result of a change in marketing strategy and a decrease in selling price and volumes for reasons noted above for retail operations. Net trading operations results decreased due to a less volatile market than existed in fiscal 1991 during the Persian Gulf crisis. Chemical feedstocks marketing revenues increased due to additional emphasis on butane sales.

Gross Profit. Gross profit decreased 4.2% to $87,491,000 as compared to $91,332,000 for the prior period. Approximately one-third of this decrease was attributable to retail operations as a result of competitive pressures in the industry and temperatures being warmer than normal and warmer than the prior year in the primary heating months. The balance of the gross profit decrease is primarily attributable to a decline in net trading results due to less volatile market conditions than existed in fiscal 1991. Total gross profit as a percentage of total revenues increased to 45.2%, as compared to 43.0% for the prior period.

Operating Expenses. Operating expenses decreased to $37,123,000 as compared to $37,156,000 for the prior period. This decrease is primarily due to a reduction in incentive compensation expense. This decrease was offset by (i) continuing increases in general liability and worker's compensation insurance expense, (ii) an increase in employee training expense due to increased emphasis on training of retail operations personnel and (iii) an increase in expenses due to acquisitions in fiscal 1992 and 1991.

Depreciation and Amortization. Depreciation and amortization expense decreased to $7,860,000 as compared to $8,817,000 for the prior period due to a change in the useful lives of certain assets as discussed in the notes to the consolidated financial statements.

General and Administrative Expense. General and administrative expense decreased 28.3% to $2,371,000 as compared to $3,306,000 for the prior period due to a reduction in incentive compensation expense.

Extraordinary Loss. The extraordinary loss is due to the refinancing of the subordinated debt and is discussed in the notes to the consolidated financial statements.

Net Earnings. Net earnings decreased 67.8% to $5,105,000 as compared to $15,846,000 for the prior period due to the decrease in gross profit and the extraordinary loss on refinancing of the subordinated debt.

Six Months Ended January 31, 1992 vs. January 31, 1991

Total Revenues. Total revenues decreased 11.5% to $307,915,000 as compared to $348,061,000 for the prior period. This decrease is attributable to revenues from retail operations decreasing 12.6% to $249,503,000 and revenues from other operations (wholesale propane marketing, chemical feedstocks marketing and net trading operations) decreasing 6.8% to $58,412,000.

The decrease in revenues attributable to retail operations resulted mainly from a decrease in selling price. The decrease in selling price is related to the end of the Persian Gulf crisis and to competitive pressures within the industry. In fiscal 1991, selling prices were increased in response to product cost increases brought about by the Persian Gulf crisis. The volume of gallons sold, excluding acquisitions, decreased due to temperatures being warmer than normal and warmer than prior year in the primary heating months, along with competitive pressures within the industry. The decrease in selling price and volumes decreased total revenues by $34,263,000 and $7,303,000, respectively. Acquisitions in fiscal 1991 and 1992 increased fiscal 1992 revenues by $6,517,000

The decrease in revenues attributable to other operations resulted from decreases in wholesale propane marketing and net trading operations revenues offset by an increase in chemical feedstocks marketing revenues. Wholesale propane marketing revenues decreased as a result of a change in marketing strategy and a decrease in selling price and volumes for reasons noted above for retail operations. Net trading operations results decreased due to a less volatile market than existed in fiscal 1991 during the Persian Gulf crisis. Chemical feedstocks marketing revenues increased due to additional emphasis on butane sales.

Gross Profit. Gross profit decreased 8.0% to $137,186,000 as compared to $149,066,000 for the prior period. The majority of the decrease was attributable to retail operations as a result of competitive pressures in the industry and warmer than normal and warmer than prior year temperatures in the primary heating months. The balance of the gross profit decrease is primarily attributable to a decline in net trading results due to less volatile market conditions than existed in fiscal 1991. Total gross profit as a percentage of total revenues increased to 44.6%, as compared to 42.8% for the prior period.

Operating Expenses. Operating expenses increased to $69,847,000 as compared to $68,839,000 for the prior period. This increase is primarily due to (i) continuing increases in general liability and worker's compensation insurance expense, (ii) an increase in employee training expense due to increased emphasis on training of retail operations personnel and (iii) an increase in expenses due to acquisitions in fiscal 1992 and 1991. These increases were offset by a reduction in incentive compensation expense.

Depreciation and Amortization. Depreciation and amortization expense decreased to $15,479,000 as compared to $17,438,000 for the prior period due to a change in the useful lives of certain assets as discussed in the notes to the consolidated financial statements.

General and Administrative Expense. General and administrative expense decreased 21.4% to $4,966,000 as compared to $6,318,000 for the prior period due to a reduction in incentive compensation expense.

Extraordinary Loss. The extraordinary loss is due to the refinancing of the subordinated debt and is discussed in the notes to the consolidated financial statements.

Net Earnings (Loss). Net earnings (loss) decreased to a net loss of $391,000 as compared to net earnings of $14,860,000 for the prior period due primarily to the decrease in gross profit and the extraordinary loss on the refinancing of subordinated debt.

Liquidity and Capital Resources - the Company

The ability of the Company to satisfy its obligations will be dependent upon future performance, which will be subject to prevailing economic conditions and to financial, business, weather conditions and other factors, many of which are beyond its control.

For the six months ended January 31, 1992, the Company's operating cash flow provided from operations (as measured by operating income before depreciation and amortization) was $60,161,000, which was sufficient to (i) make interest payments and required reductions to existing debt, (ii) make purchases of property, plant and equipment and (iii) make selective acquisitions of small propane operations. Over the next twelve months the Company expects to generate sufficient cash from operations to meet its obligations.

Continuing Operating Activities. Cash provided by continuing operating activities decreased to $1,890,000 for the six months ended January 31, 1992, as compared to $1,893,000 for the prior period. This decrease was mainly attributable to a decrease in operating results of the Company and a decrease in accounts payable from the prior year, both of which were offset by a decrease in accounts receivable.

Investing. During the six months ended January 31, 1992, the Company made aggregate expenditures for intangible assets and property, plant and equipment of $13,145,000. The property, plant and equipment expenditures consisted of market facility and office equipment maintenance expenditures of $3,383,000, vehicle change-out expenditures of $1,384,000, other market maintenance expenditures of $392,000, with the balance related to acquisition of propane businesses and tanks for new customers.

Total capital expenditures are essentially governed by the cash interest coverage ratio covenants contained in the various debt agreements. These covenants limit capital expenditures depending on the cash flow and cash interest expense of the Company. The Company maintains its vehicle and transportation equipment fleet by leasing light and medium duty trucks and tractors. The Company believes vehicle leasing is a cost effective method for financing transportation equipment. Capital requirements for repair and maintenance of property, plant and equipment are relatively low since technological change is limited and the useful lives of propane tanks and cylinders, the Company's principal physical assets, are generally long.

Financing. Cash provided by operating activities is expected to continue to provide much of the funding necessary for the Company's capital expenditures in the short-term. On December 12, 1991, the Company issued, at 98.418% of face value, $250,000,000 of 11 5/8% Senior Subordinated Debentures due 2003. A portion of the proceeds were used to redeem the Company's existing subordinated debt with an associated prepayment premium.

The Company has a $80,000,000 bank credit facility which provides for a working capital facility and a letter of credit facility. The unused portion of the facility was $16,493,000 as of January 31, 1992. There were no short-term borrowings outstanding under the credit facility. The credit facility is utilized to provide letters of credit issued in the normal course of business. The Company's working capital needs are seasonal and, generally, additional cash is needed during winter months as inventory levels are increased and product purchases and operating expenses are paid for before receivables are collected.

The Company does not have any significant commitments for fixed asset acquisitions, unusual working capital commitments or contingent liabilities which might materially affect short-term or long-term liquidity. Future short-term capital needs of the

Company are expected to be provided by future operations and existing cash balances.

Results of Operations, Liquidity and Capital Resources - Ferrell

Virtually all of Ferrell's operating activities occur through its subsidiaries. Ferrell's principal assets consist almost entirely of its ownership of the stock of its subsidiaries. The results of Ferrell's operations are, therefore, largely determined by the results of operations of its principal operating subsidiary, the Company . See **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS** as it relates to the Company.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN SECURITIES.

On November 21, 1991, the Company began soliciting the consent of all the holders of its Series A Floating Rate Senior Notes due 1996, Series B Fixed Rate Senior Notes due 1996, Series C Floating Rate Senior Notes due 1996, and Series D Fixed Rate Senior Notes due 1996 (collectively, the "Senior Notes") to certain amendments of (i) the indenture governing the Senior Notes (the "Indenture") and (ii) the Pledge Agreement (as defined in the Indenture).

The purposes of the proposed amendments were as follows:

(a) to permit the refinancing of the Company's $210,000,000 subordinated debt that matured in 1996 (with sinking fund payments in 1994 and 1995) and 1998 (with sinking fund payments in 1996 and 1997) with the proceeds of a new issue of $250,000,000 subordinated debt that bears interest at a lower rate per annum and that matures in 2003 (without sinking fund payments);

(b) to permit the Company to make additional acquisitions of propane assets and businesses in an orderly and timely manner by:

(i) extending the adjustment date of the Cash Interest Coverage Ratio to April 30 of each year;

(ii) excluding up to $25,000,000 per year of such acquisitions from the cash interest coverage ratio;

(iii) adjusting the method by which such acquisitions are included in the Cash Interest Coverage Ratio;

(iv) increasing permitted investments in Unrestricted Subsidiaries from $10,000,000 to $20,000,000; and

(v) making certain changes in covenants dealing with Unrestricted Subsidiaries.

(c) to allow a subsidiary of the Company to obtain letters of credit directly for its own account but without increasing the aggregate amount of Indebtedness;

(d) to permit the creation of a captive insurance company subsidiary by the Company solely for the purpose of reinsuring the self-insurance programs or other similar forms of retained insurable risks of the retail propane businesses operated by the Company and its Subsidiaries and Affiliates;

(e) to expand the definition of Cash Equivalents to include short term notes of issuers whose commercial paper is rated A-1 or P-1 that are privately placed;

(f) to clarify the interpretation of certain provisions of the Indenture and/or the Pledge Agreement relating to the incurrence of Indebtedness and the conduct of the Company's business in compliance therewith;

(g) to increase the level of certain permitted affiliate loans from $7,800,000 to $10,000,000; and

(h) to make certain financial definitions used to calculate ratios internally consistent.

Approval of the proposed amendments required the consent of the registered holders of at least 66 2/3 percent in aggregate principal amount of the Senior Notes (approximately $167 million) that were outstanding on November 15, 1991 (the "Requisite Consents"). By December 5, 1991, the Company had received consents from holders of the Senior Notes in an aggregate principal amount in excess of $170 million and the Fourth Supplemental Indenture and First Amendment to Pledge Agreement were executed on December 12, 1991. Copies of the Fourth Supplemental Indenture and First Amendment to Pledge Agreement were filed as exhibits to Amendment No. 2 to the Company's Registration Statement on Form S-1 (Commission File No. 33-43727) and are incorporated into this Form 10-Q by reference as if fully set forth herein.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

See ITEM 2. of Part II above.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

The exhibits listed on the accompanying Exhibit Index are filed as part of this report. Exhibits required by Item 601 of Regulation S-K which are not listed are not applicable.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the three months ended January 31, 1992.

EXHIBIT INDEX

Exhibit No.	Description
* 4.1	Purchase Agreement, dated as of July 1, 1990, among the Company, Ferrell, Liberty Oil and the purchasers of the Senior Notes, and a list of the Exhibits thereto.
* 4.2	Indenture, dated as of July 1, 1990, among the Company, Ferrell, Liberty Oil and State Street Bank and Trust Company of Connecticut, N.A., as Trustee (which includes the form of Note as Exhibit A).
* 4.3	First Supplemental Indenture, dated as of December 20, 1990, among the Company, Ferrell, Liberty Oil and State Street Bank and Trust Company of Connecticut, N.A., as Trustee.
* 4.4	Second Supplemental Indenture, dated as of February 28, 1991, among the Company, Ferrell, Liberty Oil and State Street Bank and Trust Company of Connecticut, N.A., as Trustee.
* 4.5	Third Supplemental Indenture, dated as of March 20, 1991, among the Company, Ferrell, Liberty Oil and State Street Bank and Trust Company of Connecticut, N.A., as Trustee.
** 4.6	Fourth Supplemental Indenture, dated as of December 12, 1991, among the Company, Ferrell, Liberty Oil and State Street Bank and Trust Company of Connecticut, N.A., as Trustee.
** 4.7	Form of $250,000,000 11 5/8% Senior Subordinated Debenture Indenture due 2003, dated as of December 1, 1991, between the Company and Norwest Bank Minnesota, National Association, as Trustee.
11	Statement regarding computation of per share earnings.
* 24.1	Consent of Smith, Gill, Fisher & Butts, a Professional Corporation.
* 24.2	Consent of Deloitte & Touche.
* 24.3	Consent of Kevin K. Nunnick & Associates, Inc.
** 25	Power of attorney.

* Previously filed as an exhibit to the Company's and the Guarantors' Registration Statement on Form S-1 (Commission File No. 33-38482) and incorporated herein by reference.

** Previously filed as an Exhibit to the Company's Registration Statement on Form S-1 (Commission File No. 33-43727) and incorporated herein by reference.

Exhibit 11

FERRELL COMPANIES, INC.
AND SUBSIDIARIES

STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS
For the three and six months ended January 31, 1992 and 1991

(unaudited)

(In thousands except per share data)

	January 31, 1992		January 31, 1991	
	Three Months Ended	Six Months Ended	Three Months Ended	Six Months Ended
Net Earnings (Loss)				
Earnings before extraordinary loss	$15,086	$ 9,585	$14,783	$12,734
Extraordinary loss	(9,979)	(9,979)	-	-
Net earnings (loss)	$ 5,107	$ (394)	$14,783	$12,734
Net Earnings (Loss) Per Common Share				
Weighted average common stock equivalent	2,828	2,577	2,943	2,943
Earnings per common share	$ 5.33	$ 3.72	$ 5.02	$ 4.33
Extraordinary loss per common share	(3.52)	(3.87)	-	-
Net earnings (loss) per common share	$ 1.81	$ (.15)	$ 5.02	$ 4.33
Common Stock Equivalents				
Class A Common Stock	2,573	2,573	2,573	2,573
Class B Common Stock	249	- (1)	370	370
Class M Common Stock	6	4	- (2)	- (2)
Weighted Average Common Stock Equivalents	2,828	2,577	2,943	2,943

(1) In a net loss position, the inclusion of Class B common stock equivalents would be antidilutive.

(2) Class M shares were issued September 16, 1991.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

Ferrellgas, Inc.
Ferrell Companies, Inc.
One Liberty Oil Company
(Registrants)

Date: 3/13/1992

By
Godfrey H. Ramsden
Vice President and
Chief Financial Officer
(Principal Financial and
Accounting Officer)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

Ferrellgas, Inc.
Ferrell Companies, Inc.
One Liberty Oil Company
(Registrants)

Date: March 13, 1992

By /s/ Geoffrey H. Ramsden
Geoffrey H. Ramsden
Vice President and
Chief Financial Officer
(Principal Financial and
Accounting Officer)

O 13643
Q 36676

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

M
92-2244

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended January 25, 1992 Commission file number 0-12643

GANDALF TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

ONTARIO, CANADA NOT APPLICABLE

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

130 COLONNADE ROAD SOUTH, NEPEAN, ONTARIO K2E 7M4

(Address of principal executive offices) (Postal Code)

Registrant's telephone number, including area code (613) 723-6500

NOT APPLICABLE

Former name, former address and former fiscal year, if changed since last report.

*Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

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The number of shares outstanding as at February 29, 1992 was 15,671,907.

GANDALF TECHNOLOGIES INC.

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PART I FINANCIAL INFORMATION

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Consolidated Statement of Changes in Financial Position - 5

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GANDALF TECHNOLOGIES INC.
CONSOLIDATED BALANCE SHEET
(Unaudited)
(Thousands of Canadian dollars)

	Jan. 25 1992	July 31 1991*
ASSETS		
Current assets:		
Cash	$ 3,487	$ 3,197
Short-term deposit certificates	261	2,947
Accounts receivable (note 2)	55,602	35,220
Inventories (note 3)	41,819	26,056
Prepaid expenses	1,762	1,839
Total current assets	102,931	69,259
Fixed assets (note 4)	46,811	26,213
Goodwill	5,132	5,610
Deferred income taxes	9,322	8,332
Net investment in sales-type leases	3,884	1,679
Other assets	4,376	2,344
Deferred merger costs	-	2,477
Loan to Infotron	-	2,706
Total assets	$172,456	$118,620
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank operating lines (note 5)	$ 15,427	$ 16,544
Current portion of long-term bank indebtedness (note 5)	10,843	-
Trade accounts payable	18,571	9,231
Other payables and accrued liabilities	17,541	11,406
Income and other taxes payable	2,089	1,435
Deferred revenue	9,522	4,652
Current portion of long-term debt	425	250

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Total current liabilities	74,418	43,518
Long-term bank indebtedness (note 5)	25,221	-
Long-term debt	7,100	6,389
Total liabilities	106,739	49,907
Shareholders' equity:		
Capital stock:		
Common shares, 15,671,907 issued and outstanding (July 31, 1991, 12,195,375)	52,097	43,233
Retained earnings	13,633	27,514
Cumulative translation adjustment	(13)	(2,034)
Total shareholders' equity	65,717	68,713
Total liabilities and shareholders' equity	$172,456	$118,620

(See accompanying notes to consolidated financial statements)

* Prior to merger with Infotron Systems Corporation ("Infotron") on August 2, 1991.

GANDALF TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
(Unaudited)
(Thousands of Canadian dollars)

	26 Weeks Ended January 25		13 Weeks Ended January 25	
	1992	1991*	1992	1991*
INCOME				
Revenues:				
Product revenue	$ 73,850	$ 60,902	$36,996	$ 28,475
Service revenue	26,412	14,059	13,387	7,479
	100,262	74,961	50,383	35,954
Operating expenses:				
Cost of product sales	39,378	27,172	20,345	12,681
Service expenses	15,170	9,380	7,855	4,720
Selling and distribution	29,736	24,935	15,070	12,851
Administration and general	8,707	7,261	4,399	4,354
Research and development	15,041	9,654	7,612	4,939
Investment incentives	(1,453)	(1,370)	(716)	(832)
Restructuring costs (note 6)	3,795	790	530	790
Loss from operations	(10,112)	(2,861)	(4,712)	(3,549)
Interest expense	(2,283)	(719)	(1,165)	(335)
Interest income	346	454	181	199
Foreign exchange gain (loss)	(26)	49	(292)	34
Financing costs (note 1)	(1,003)	-	-	-
Income taxes	-	662	-	892
Net loss for the period	$(13,078)	$ (2,415)	$(5,988)	$ (2,759)
Basic loss per share (note 7)				
RETAINED EARNINGS				
Balance, beginning of period			$19,621	$ 34,617

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```
$ 27,514    $ 34,273
Net loss for the period                              (5,988)     (2,759)
(13,078)     (2,415)
Share issue costs (note 1)                              -           -
   (803)        -
                                                    -------    --------
-------     --------
Balance, end of period                              $13,633    $ 31,858
$ 13,633    $ 31,858
                                                    =======    ========
=======     ========
```

(See accompanying notes to consolidated financial statements)

* Prior to merger with Infotron on August 2, 1991.

GANDALF TECHNOLOGIES INC.
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
(Unaudited)
(Thousands of Canadian dollars)

	26 Weeks Ended January 25	
	1992	1991*
Operating activities:		
Cash provided by (applied to) operations (note 8)	$(4,994)	$ 936
Increase in operating working capital (note 9)	(6,047)	(433)
Cash provided by (applied to) operations	(11,041)	503
Financing activities:		
Increase in bank operating lines	1,040	506
Increase in long-term bank indebtedness	9,065	-
Increase in long-term debt	-	133
Long-term debt retirement	(246)	(62)
Issue of capital stock	8,864	-
Cash provided by financing activities	18,723	577
Investing activities:		
Investment in Infotron net of cash acquired (note 1)	(10,682)	-
Loan to Infotron prior to merger (note 5)	(749)	-
Loan to Infotron converted to equity upon merger (note 5)	3,455	-
Merger costs	(451)	-
Purchase of fixed assets	(1,588)	(1,189)
Investments	-	(942)
Net investment in leases	127	(106)
Other	(115)	(276)

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Cash applied to investing activities	(10,003)	(2,513)
Decrease in cash in the period	(2,321)	(1,433)
Effect of currency translation adjustments on cash flows	(75)	298
Cash and short-term deposit certificates, beginning of period	6,144	9,584
Cash and short-term deposit certificates, end of period	$ 3,748	$ 8,449

(See accompanying notes to consolidated financial statements)

* Prior to merger with Infotron on August 2, 1991.

GANDALF TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(All amounts stated in Canadian dollars ("$" or "C$") unless otherwise indicated)

1. MERGER WITH INFOTRON SYSTEMS CORPORATION

On August 2, 1991, the Company's United States subsidiary, Gandalf Data, Inc. completed a merger with Infotron Systems Corporation ("Infotron"), an international data communications company neadquartered in Cherry Hill, New Jersey, U.S.A. Infotron, incorporated in 1968, designed, manufactured, marketed and serviced data, voice and image networks utilized by corporations, institutions and public entities worldwide. Its principal products included data/voice network exchanges, multiplexers, LAN servers and bridges and network management systems. Concurrent with the merger the United States company was renamed Gandalf Systems Corporation ("GSC").

The issued and outstanding common shares of Infotron which prior to the merger had been publicly traded on the NASDAQ/NMS market in the United States, together with the issued and outstanding preferred shares of Infotron, were converted into the right to receive 2,612,532 common shares of Gandalf. In addition, in a transaction related to the merger, the holders of certain promissory notes of Infotron and warrants to purchase Infotron preferred stock were issued 864,000 common shares of Gandalf Technologies Inc. ("Gandalf") in exchange for the surrender of the warrants and a 90% reduction in the principal amount of the notes to be issued by GSC from U.S.$3.0 million to U.S.$0.3 million.

Share issue costs of $0.8 million were charged directly to consolidated retained earnings in the first quarter of fiscal 1992. Costs of $2.1 million associated with the merger transaction were included in the determination of the consideration paid to acquire Infotron for purposes of establishing the acquisition equation under the purchase method of accounting.

Additional costs of $1.6 million were incurred to establish credit facilities for the merged company. Of this amount, $0.6 million was identified as fees which are typical of the costs that would be anticipated to occur in the course of raising such additional bank financing and which are required to be deferred and amortized over the term of the loan financing. The complexities associated with the security arrangements required by the Company's two primary lenders resulted

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in additional costs of $1.0 million being incurred, primarily in the form of professional fees. In evaluating these costs the Company determined that they were not indicative of the underlying financing arrangements, they represented a disproportionate amount of the incremental financing raised through establishing the facilities and they did not represent any future ongoing value to the Company. Accordingly, these excess costs were charged to earnings in the first quarter of fiscal 1992 and appeared on the consolidated statement of income as financing costs.

2. ACCOUNTS RECEIVABLE

	Jan. 25 1992	July 31 1991
	(Thousands of dollars)	
Trade	$51,038	$31,938
Contract	3,430	2,698
Current portion of sales-type leases	1,134	584
	$55,602	$35,220

3. INVENTORIES

	Jan. 25 1992	July 31 1991
	(Thousands of dollars)	
Raw materials	$10,516	$ 6,793
Work-in-process	8,000	3,683
Finished goods	23,303	15,580
	$41,819	$26,056

4. FIXED ASSETS

	Jan. 25 1992	July 31 1991
	(Thousands of dollars)	
Cost:		
Land	$ 892	$ 859
Buildings	11,487	11,144

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Equipment	85,008	58,150
Leasehold improvements	3,847	1,490
	-------	--------
	101,234	71,643
Accumulated depreciation	54,423	45,430
	-------	-------
Net book value	$46,811	$26,213
	=======	=======

5. BANK INDEBTEDNESS

In connection with the execution of the merger agreement, Gandalf and Infotron entered into a loan agreement dated May 10, 1991 pursuant to which Gandalf agreed to loan Infotron on a secured basis up to U.S.$3.0 million (C$3.5 million) for working capital purposes prior to the completion of the merger. Prior to July 31, 1991, Gandalf arranged with the Royal Bank of Canada ("RBC") an interim credit facility for U.S.$3.0 million (C$3.5 million) to fund the working capital loan to Infotron. At July 31, 1991, Gandalf had drawn U.S.$2.35 million (C$2.7 million) under the interim credit facility and advanced these funds to Infotron under the working capital loan. On August 2, 1991, concurrent with the merger, a further U.S.$650,000 was advanced to Infotron, bringing the total to U.S.$3.0 million and the working capital loan was then converted to equity in the merged United States company.

Upon merger, a term credit facility for U.S.$15.0 million (C$17.5 million) was established with the Royal Bank of Canada (the "RBC Facility") to fund merger costs and integration expenses, repay certain existing bank indebtedness and replace the $3.5 million interim credit facility which had been arranged to fund the working capital loan to Infotron. The availability of the RBC Facility is subject to a margining formula based on accounts receivable, inventory and fixed assets of certain of Gandalf's subsidiaries. It bears interest at fluctuating rates between 0.25% and 2.25% above bank prime based on certain financial criteria and is secured by substantially all of the assets of the Company and a pledge of the capital stock and a guarantee of substantially all of Gandalf's subsidiaries. The term facility, which has a final maturity date of December 31, 1994 is repayable in ten equal quarterly installments commencing on September 30, 1992. The maximum commitment under the term credit facility reduces in stages by approximately 8% per quarter from January 1, 1992 until the date of the first principal repayment on September 30, 1992. Accordingly, the authorized amount of the RBC Facility was reduced from U.S.$15.0 million to U.S.$13.8 million on January 1, 1992 and a further reduction to U.S.$12.7 million will occur on April 1, 1992. Under the margining requirements of the RBC Facility, approximately $16.2 million was available to Gandalf for borrowing at January 25, 1992, of which $13.3 million was being utilized.

The credit agreement between Infotron and Chase Manhattan Bank

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N.A., as agent ("Chase"), under which Infotron had been in default prior to merger, was amended and restructured on August 2, 1991. The amended credit facility (the "Chase Facility") between GSC and Chase had an initial principal amount of U.S.$20.1 million (C$23.5 million) following a repayment of U.S.$1.0 million on August 2, 1991. During the first six months of fiscal 1992, the Company repaid a further U.S.$0.6 million to Chase based on the sale of certain assets specified in the credit agreement. The Chase Facility, which has a final maturity date of November 1, 1994 is repayable in quarterly installments commencing August 1, 1992. The initial principal repayment amount is U.S.$3.1 million (C$3.6 million) on August 1, 1992 followed by eight quarterly installments of U.S.$2.0 million (C$2.3 million) each. Any remaining outstanding principal amounts will become due on November 1, 1994. The Chase Facility, which is prepayable without penalty at the option of GSC, bears interest at fluctuating rates varying between 2.0% and 3.5% above a base rate which is the greater of the prime rate charged by Chase and the U.S. Federal Funds Rate plus 50 basis points. The rate in excess of the base rate is 2.0% until January 31, 1993, following which the rate increases by 0.25% each quarter until May 1, 1994. The Chase Facility is secured by a first lien on the assets of GSC and its United States subsidiaries and a pledge of the capital stock and a guarantee by subsidiaries in Belgium, Italy and Sweden. In addition, the Chase Facility is secured by a second or third lien on substantially all of the other assets of the Company. Interest accruing on the Chase Facility is guaranteed on an unsecured basis by Gandalf until August 1, 1992.

The Company's authorized bank operating lines at January 25, 1992 totalled $18.2 million. At that time, under margining requirements based on the level of trade accounts receivable, inventories and other bank covenants, $16.2 million was available to the Company, of which $15.4 million was being utilized. Cash and short-term deposit certificates represented a further $3.7 million in available cash resources.

On January 25, 1992 the Company had total authorized term and operating credit facilities of $57.2 million. The amount available to the Company based on margining formulas and other bank covenants was $55.2 million. Total borrowings under these facilities were $47.7 million net of cash reserves.

The Company has agreed to certain financial covenants in connection with the RBC Facility, the Chase Facility and certain operating loan agreements with RBC (the "RBC Operating Loans"). At the time of entering into these credit agreements, concurrent with the merger on August 2, 1991, it was not practicable to determine the details of Infotron assets purchased and liabilities assumed pending the resolution of certain accounting matters associated with applying the purchase method of accounting to the merger transaction. Accordingly, covenants measuring the estimated tangible net worth of the merged company (tangible assets minus liabilities) were established based on estimated amounts for Infotron as at August 2, 1991 and anticipated costs of completing the merger. The resolution of the outstanding accounting matters relating to the application of the purchase method and other adjustments based on the actual financial position of Infotron on August 2, 1991 resulted in a reduction in the Company's tangible net worth as of the date of merger and consequently also as of October 26, 1991 which led to a breach of certain financial covenants at the end of the first quarter of fiscal 1992. Subsequent to the end of the first quarter of fiscal 1992, the Company negotiated amendments to the financial covenants contained in the RBC Facility, the Chase Facility and the RBC Operating Loans to reestablish compliance at October 26, 1991. At January 25, 1992, the Company was in compliance with the terms of these credit facilities.

6. RESTRUCTURING COSTS

Restructuring costs in the first six months of the 1992 fiscal year were $3.8 million. This amount represents severance costs associated with

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eliminating positions within the Company relating to the integration of manufacturing, administration and research and development following the merger. The Company's workforce has been reduced by approximately 14%, representing approximately 260 positions, from the total that existed at August 2, 1991 following the merger.

During fiscal 1991, in response to anticipated revenues for the second half of that year which were below the Company's break-even level at that time, the size of the work force in all areas was reduced in February 1991. Severance costs of $0.8 million relating to these terminations were recorded in operating results for the second quarter of fiscal 1991.

7. LOSS PER SHARE

	26 Weeks Ended January 25		13 Weeks Ended January 25	
	1992	1991	1992	1991
Basic loss per share	$(0.84)	$(0.20)	$(0.39)	$(0.23)

Loss per share figures are calculated using the monthly weighted average number of common shares outstanding for the period.

	1992	1991
First quarter weighted average number of shares outstanding (87 days)	15,631,947	12,195,375
Second quarter weighted average number of shares outstanding (91 days)	15,671,907	12,195,375
First half weighted average number of shares outstanding (178 days)	15,652,376	12,195,375

8. CASH PROVIDED BY (APPLIED TO) OPERATIONS

Cash provided by (applied to) operations is computed as follows:

	26 Weeks Ended January 25	
	1992	1991
	(Thousands of dollars)	
Loss from operations	$(10,112)	$(2,861)
Depreciation and amortization	8,181	

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```
4,599
        Income taxes                                   (1,100)
 (586)
        Interest expense                               (2,283)
 (719)
        Interest income                                  346
  454
        Foreign exchange gain (loss)                     (26)
   49
                                                       -------
-------
                                                      $(4,994)    $
 936
                                                       =======
=======
```

9. INCREASE IN OPERATING WORKING CAPITAL

The increase in operating working capital is computed as follows:

	26 Weeks Ended January 25	
	1992	1991
	(Thousands of dollars)	
Accounts receivable	$(4,182)	$ 3,702
Inventories	(2,953)	(2,199)
Prepaid expenses	846	360
Trade accounts payable	(872)	(2,856)
Other payables and accrued liabilities	(2,916)	(320)
Deferred revenue	3,049	3
Foreign currency equity adjustment	981	877
	$(6,047)	$ (433)

10. COMPARATIVE FIGURES

Certain comparative figures for the 1991 fiscal periods have been reclassified to conform with the presentation adopted for the fiscal 1992 periods.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The consolidated financial statements for the second quarter ended January 25, 1992 include the accounts of Gandalf Technologies Inc. ("Gandalf") and its subsidiaries (on a consolidated basis, the "Company").

The consolidated financial statements, notes to the consolidated financial statements and supplementary data should be read as an integral part of this review. These financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada, the application of which, in the case of the Company, conforms in all material respects for the periods presented, with accounting principles generally accepted in the United States and the International Accounting Standards for historical costs. All amounts are stated in Canadian dollars ("$" or "C$") unless otherwise indicated.

Merger with Infotron, August 2, 1991

On August 2, 1991, the Company's United States subsidiary, Gandalf Data, Inc. completed a merger with Infotron Systems Corporation ("Infotron"), an international data communications company headquartered in Cherry Hill, New Jersey, U.S.A. Concurrent with the merger the United States company was renamed Gandalf Systems Corporation ("GSC").

Infotron's revenues for the year ended December 31, 1990 and for the three months ended March 31, 1991 were U.S.$84.4 million and U.S.$18.5 million respectively. Total assets at March 31, 1991 were U.S.$67.8 million and shareholders' equity at that date was U.S.$18.1 million. The acquisition of Infotron by the Company, which has been accounted for using the purchase method, has had a significant impact on the operating results of the Company during the first half of the 1992 fiscal year. The operating results of Infotron have been consolidated with those of the Company from August 2, 1991 onward, representing virtually the entire twenty-six week fiscal period ended January 25, 1992.
The Company has changed its fiscal year end from July 31 to March 31 and accordingly, the 1992 fiscal year ending March 31, 1992 will be eight months in duration.

Summary Discussion - Operating Results for the Twenty-six Weeks Ended January 25, 1992

(REMAINDER OF PRECEDING PAGE)

The Company believes that following a period of integration, the anticipated benefits of the merger with Infotron will include a strengthening of the Company from both a financial and operational viewpoint and an opportunity for the Company to increase its activities in the wide area network ("WAN") market segment. The Company anticipates that the merger will provide the Company with opportunities to develop a more significant presence in the United States market, expand into additional European countries and develop a larger distributor network in Asia, Pacific Rim countries and the Far East. In addition, economies of scale are anticipated to occur in the areas of manufacturing and administration following the period of integration which, it is currently anticipated, will be approximately twelve months in duration from the date of the merger.

During the first twenty-six weeks of the current fiscal year, the Company recorded revenues of $100.3 million versus $75.0 million during the same period in fiscal 1991. However, revenues achieved in the current fiscal year were below levels previously anticipated, primarily in the second quarter. As a result of the lower than anticipated revenues, the loss from operations of $10.1 million for the first twenty-six weeks following the merger, of which $4.7 million occurred during the second quarter, was higher than anticipated.

The Company had anticipated that losses would occur during the first six months of fiscal 1992 due to higher costs as a result of the merger, including the duplication of certain operating costs, increased interest costs on higher levels of bank indebtedness arising from the merger and other costs associated with integrating the Company's merged operations.

The Company has taken steps since the merger to rationalize its operations in all areas in order to reduce the level of operating expenses by the end of the integration period. The operating loss of $10.1 million for the first two quarters of fiscal 1992 includes costs of approximately $1.0 million relating to superfluous facilities as a result of the merger. Following the end of the second quarter, the Company completed the sale of its 149,000 square foot facility in Wheeling, Illinois. Space requirements for the remaining staff in the Chicago area are expected to be approximately 22,000 square feet. With the transfer to Nepean, Ontario of the manufacturing activity formerly located at Infotron's facility in Cherry Hill, New Jersey, certain leased space has become redundant. The Company is actively pursuing opportunities to sublet this space.

Approximately 260 redundant staff positions in manufacturing, engineering and administration have been eliminated during the six months since the merger and accordingly, following notice periods which will expire before the end of the integration period, reductions in operating costs will be achieved.

The Company believes that the anticipated benefits arising from the merger remain attainable. From an operational viewpoint the Company has achieved many of the internal targets for completing certain phases of the integration in the areas of manufacturing, engineering, administration and systems and communications. While the financial benefits of the merger are as yet unrealized, the Company believes it can

(REMAINDER OF PRECEDING PAGE)

achieve improved operating results which could be further enhanced by some easing of recessionary pressures and an improvement in the general economic conditions in the Company's major geographic markets by the end of the twelve month integration period.

Results of Operations - Quarter Ended January 25, 1992

The following table sets forth items derived from the quarterly consolidated statement of income as a percentage of revenues for each of the five quarters ended January 25, 1992. The column in the table entitled "Percentage Change 2nd Qtr 1991 to 2nd Qtr 1992" represents the percentage increase (decrease) in the dollar amount of such items for the second quarter of fiscal 1992 compared with the second quarter of fiscal 1991.
Certain comparative figures for fiscal 1991 have been reclassified to conform with the fiscal 1992 presentation.

	2nd Qtr 1991	3rd Qtr 1991	4th Qtr 1991	1st Qtr 1992*	2nd Qtr 1992*	Percentage Change 2nd Qtr 1991 to 2nd Qtr 1992
	(Thousands of dollars)					
Revenues	$35,954	$37,291	$36,329	$49,879	$50,383	40.1%
	(Percentage of Revenues)					
Revenues:						
Product	79.2%	80.6%	80.2%	73.9%	73.4%	29.9
Service	20.8	19.4	19.8	26.1	26.3	79.0
	100.0%	100.0%	100.0%	100.0%	100.0%	
Gross Profit:						
Product	55.5%	54.4%	48.7%	48.4%	45.0%	5.4
Service	36.9	30.6	31.5	43.8	41.3	100.5
Combined	51.6	49.8	45.3	47.2	44.0	19.6
Expenses:						
Selling & distribution	35.7	30.9	32.3	29.4	29.9	17.3
Administration & general	12.1	7.4	11.6	8.6	8.7	1.0
Research & development	13.7	13.1	13.4	14.9	15.1	54.1
Investment incentives	(2.3)	(2.9)	(2.9)	(1.4)	(1.4)	(13.9)
Restructuring costs	2.2	-	-	6.5	1.1	(32.9)
Income (loss) from operations	(9.9)	1.3	(9.1)	(10.8)	(9.4)	
Financial expenses	(0.3)	(0.3)	(0.8)	(1.4)	(2.5)	
Financing costs	-	-	-	(2.0)	-	
Income taxes	2.5	(0.8)	(2.3)	-	-	

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Net income (loss)                  (7.7)%    0.2%   (12.2)%  (14.2)%
(11.9)%
                               =======  =======   ======   ======
=======
```

* Amounts shown for fiscal 1992 include combined operating results for the period following the merger with Infotron on August 2, 1991.

Revenues

The following table sets forth revenues by geographic segment for the quarter ended January 25, 1992 and for each of the preceding four quarters. The table also includes the change in revenues in percentage terms in the second quarter of fiscal 1992 over the corresponding period of fiscal 1991.

	Percentage Change 2nd Qtr 1991 to 2nd Qtr 1992	2nd Qtr 1991	3rd Qtr 1991	4th Qtr 1991	1st Qtr 1992*	2nd Qtr 1992*
		(Thousands of dollars)				
United States	96.2%	$ 7,745	$ 7,331	$ 9,751	$15,405	$15,198
Europe	21.7	15,333	16,466	13,388	20,119	18,656
Canada	6.9	11,340	12,548	11,801	8,749	12,120
Other markets	187.0	1,536	946	1,389	5,606	4,409
	40.1	$35,954	$37,291	$36,329	$49,879	$50,383

* Amounts shown for fiscal 1992 include combined revenues following the merger with Infotron on August 2, 1991.

The Company's revenues for the second quarter of fiscal 1992 were $50.4 million compared to $49.9 million during the first quarter of fiscal 1992 and $36.0 million in the second quarter of fiscal 1991. The Company is continuing to experience soft demand for its products in light of uncertain economic conditions in the United States and certain European countries.

Product revenues for the second quarter of fiscal 1992 were $37.0 million, virtually unchanged from the $36.9 million figure attained in the first quarter of the current year. In the second quarter of fiscal 1991, product revenue was $28.5 million. Service revenue increased from $13.0 million in the first quarter of fiscal 1992 to $13.4 million in the second quarter. During the second quarter of

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fiscal 1991 service revenue was $7.5 million. Product revenue in the second quarter of the current year comprised 73.4% of total revenues and 26.6% was represented by service. This mix of revenues was comparable to the first quarter of fiscal 1992 where 73.9% of revenues were derived from the sale of products and the balance was represented by service. Prior to the merger, the proportion of total revenues which were represented by product sales had been approximately 80% in each of the four quarters of fiscal 1991. The change to approximately 74% of total revenues in the first half of the current fiscal year has occurred as a result of the merger with Infotron. Infotron had historically earned a higher proportion of its revenues from service than had been the case with the Company. The mix of revenues between product and service is expected to continue at or near its present level during the foreseeable future.

The increase in revenues during the first and second quarters of fiscal 1992, compared with pre-merger levels, in the United States, Europe and Other Markets has primarily resulted from the merger with Infotron.

Revenues in the United States market during the second quarter of fiscal 1992 were $15.2 million, compared to $15.4 million in the first quarter of fiscal 1992 and $7.7 million in the second quarter of fiscal 1991. Revenues in the United States represented slightly more than 30% of the Company's total revenues in each of the first two quarters of fiscal 1992 compared to 23.8% for the 1991 fiscal year. The Company expects a moderate increase in business levels in the United States in the near term compared to revenues achieved during the first and second quarters of fiscal 1992.

The Company's revenues in Europe showed a decline in the second quarter of fiscal 1992 compared to the first quarter. The European market primarily comprises sales in the United Kingdom ("U.K."), the Netherlands and France. European revenues in the second quarter of fiscal 1992 were $18.7 million, down from $20.1 million in the first quarter of fiscal 1992, representing a 7.3% decline. When the foreign denominated amounts are translated at constant exchange rates, the decline in the second quarter increases to 13.8%. Most of the reduction in revenues in Europe during the second quarter of fiscal 1992 occurred in the U.K. where revenues declined from $13.4 million to $12.2 million. Revenues in the U.K. continue to be adversely affected by recessionary economic conditions and the Company does not anticipate an increase in revenues in the U.K. above the level experienced in the first half of fiscal 1992 in the near term. In the second quarter of fiscal 1991, revenues in Europe were $15.3 million.

Revenues in the Company's "Other Markets" (Pacific Rim countries, Asia and the Middle East) were $4.4 million in the second quarter of fiscal 1992, $1.2 million lower than in the first quarter of the current fiscal year.

Revenues in Canada increased 38.5% to $12.1 million during the second quarter of fiscal 1992 compared to the first quarter of fiscal 1992. The increase was 6.9% over revenues of $11.3 million earned in the second quarter of fiscal 1991. The Company anticipates that revenues in Canada will remain at or near the level experienced in the second quarter of fiscal 1992 for the foreseeable future.

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The third quarter of the Company's 1992 fiscal year has been shortened to nine weeks as a result of the change in the fiscal year end to March 31, and accordingly revenues in the third quarter will be lower than the level achieved in the second quarter.

Gross Profit

The Company earned a gross profit of $22.2 million during the second quarter of fiscal 1992 compared to $23.5 million during the first quarter of fiscal 1992 and $18.6 million during the second quarter of fiscal 1991. The gross profit on product revenue (product revenue minus product cost of sales) represented 45.0% of product revenue during the second quarter of fiscal 1992 compared to 48.4% in the first quarter of fiscal 1992 and 55.5% in the second quarter of fiscal 1991, prior to the merger.

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The decline in gross profit during the second quarter of fiscal 1992, compared to the first quarter, has been attributed to a change in the mix of products sold and higher adverse manufacturing variances. During the second quarter, as a result of existing supply contracts, a higher proportion of revenues were derived from the sale of products manufactured by third parties, related to system sales, which yield lower margins. New product introductions have also had an impact on the gross margins. Manufacturing costs during the current fiscal year include the costs of excess capacity and now redundant positions as a result of the merger, as discussed earlier, leading to higher variances from standard. In addition, manufacturing variances in the second quarter were higher as a result of lower manufacturing volumes.

The gross profit on service revenue (service revenue minus service expenses) was $5.5 million in the second quarter of fiscal 1992, slightly lower than the $5.7 million earned in the first quarter of the current year. Expressed as a percentage of service revenues, the respective amounts for the two quarters were 43.8% and 41.3%. Both amounts compare favourably with the pre-merger level of 32.1% during the 1991 fiscal year. The stronger performance in this area since the merger is attributed to the significant increase in service revenue without a corresponding increase in the cost to provide such service.

Selling and Distribution

Selling and distribution expenses for the second quarter of fiscal 1992 were $15.1 million compared to $14.7 million in the first quarter of fiscal 1992 and $12.9 million in the second quarter of fiscal 1991. Expressed as a percentage of revenues, the respective amounts for each of the three quarters are 29.9%, 29.4% and 35.7%. The Company anticipates that some reduction in the proportion of revenues spent in the selling and distribution area will be achieved following the integration period.

Administration and General

Administration and general expenses were $4.4 million during the second quarter of fiscal 1992, virtually unchanged from the $4.3 million incurred in the first quarter of fiscal 1991. Both amounts represent approximately 8.7% of revenues. In the second quarter of fiscal 1991, administration and general expenses

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were $4.4 million
or 12.1% of revenues. This latter amount included a provision of
$1.1 million
representing a guarantee by the Company in connection with a
default by a customer
under a third party lease.

Research and Development

Research and development expenses during the second quarter of fiscal 1992 were $7.6 million representing 15.1% of revenues. These amounts are virtually unchanged from the $7.4 million and 14.9% figures experienced during the first quarter of the current year. In the second quarter of fiscal 1991 research and development expenses were $4.9 million representing 13.7% of revenues. The Company believes that the level of research and development expenses in the first half of fiscal 1992 exceeds the amount that will be supportable by anticipated revenues in the foreseeable future. At the end of the first quarter, the Company eliminated forty research and development positions relating primarily to mature product lines. However, as a result of experiencing lower than anticipated revenues in the second quarter of fiscal 1992 and the continuation of salary costs during the notice period for terminated employees, these expenses did not decline in proportion to total revenues. The Company is exploring additional ways to narrow the focus of its research and development activities in order to reduce the proportion of revenues spent in this area to a level comparable to that which existed prior to the merger.

Investment incentives, representing research and development tax credits and other Canadian federal government funding were $0.7 million in each of the first two quarters of fiscal 1992. In the second quarter of fiscal 1991, investment incentives were $0.8 million. Investment incentives have declined to approximately 10% of research and development expenses during fiscal 1992, compared to approximately 18% during the 1991 fiscal year. This decline has occurred due to a higher proportion of research and development being undertaken in the United States as a result of the merger.

Restructuring Costs

Restructuring costs in the first six months of the 1992 fiscal year were $3.8 million. This amount represents severance costs associated with eliminating positions within the Company relating to the integration of manufacturing, administration and research and development following the merger. The Company's workforce has been reduced by an approximately 14%, representing approximately 260 positions, from the total that existed at August 2, 1991 following the merger.

During fiscal 1991, in response to anticipated revenues for the second half of that year which were below the Company's break-even level at that time, the size of the work force in all areas was reduced in February 1991. Severance costs of $0.8 million relating to these terminations were recorded in operating results for the second quarter of fiscal 1991.

Financial Expenses

Net financial expenses (interest expense, net of interest income and foreign exchange gains or losses) were $1.3 million in the second quarter of fiscal 1992. In the first quarter of fiscal 1992, these expenses totalled $0.7 million and in the second quarter of fiscal 1991 they were $0.1 million. Higher interest costs have occurred in the first two quarters of the current year as a result of the increase in bank indebtedness, on a combined basis, following the merger with Infotron and additional borrowings that have occurred in connection with the integration of the merged company's operations. Interest expense in the foreseeable future will continue to be significantly greater than levels experienced by the Company prior to the merger.

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Income Taxes

No provision for income taxes was recorded during the first half of fiscal 1992 as a result of the operating loss in the period. In the second quarter of fiscal 1991, an income tax benefit of $0.9 million was recorded on the net operating losses incurred in jurisdictions where the Company believes that the future realization of the potential tax benefit is reasonably assured.

Net Loss

During the second quarter ended January 25, 1992, the consolidated net loss was $6.0 million or $0.39 per share versus the net loss of $2.8 million or $0.23 per share in the second quarter of fiscal 1991. The corresponding loss amounts for the first six months of the current year are $13.1 million or $0.84 per share. The half-year results for the 1991 fiscal year were a net loss of $2.4 million, representing $0.20 per share. As described earlier, the Company had anticipated that net losses would occur during the integration period following the merger primarily as a result of severance costs and associated restructuring costs, the duplication of certain operating costs within the merged company and increased interest costs associated with higher levels of bank borrowings. The primary factors leading to the higher loss in the second quarter of fiscal 1992 compared to the first quarter, exclusive of restructuring charges and financing costs relating to the merger, were the decrease in the gross profit on product revenues of $1.2 million, the increase in operating expenses for selling and distribution, and research and development, and an increase in net financial expenses of $0.6 million as a result of higher levels of bank borrowings and adverse foreign exchange movements. The Company reported a loss of $7.1 million or $0.45 per share for the first quarter of fiscal 1992. Contributing to the loss in the first quarter of fiscal 1992 were restructuring costs of $3.3 million and financing costs of $1.0 million relating to completing the merger. The anticipated economies of scale resulting from the merger are not expected to occur before the end of the integration period.

Merger Costs

Share issue costs of $0.8 million were charged directly to consolidated retained earnings in the first quarter of fiscal 1992. Costs of $2.1 million associated with the merger transaction were included in the determination of the consideration paid

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to acquire Infotron for purposes of establishing the acquisition equation under the purchase method of accounting.

Additional costs of $1.6 million were incurred to establish credit facilities for the merged company. Of this amount, $0.6 million was identified as fees which are typical of the costs that would be anticipated to occur in the course of raising such additional bank financing and which are required to be deferred and amortized over the term of the loan financing. The complexities associated with the security arrangements required by the Company's two primary lenders resulted in additional costs of $1.0 million being incurred primarily in the form of professional fees. In evaluating these costs, the Company determined that they were not indicative of the underlying financing arrangements, they represented a disproportionate amount of the incremental financing raised through establishing the facilities and they did not represent any future ongoing value to the Company. Accordingly, these excess costs were charged to earnings in the first quarter of fiscal 1992 and appeared on the consolidated statement of income as financing costs.

Liquidity and Capital Resources

In connection with the execution of the merger agreement, Gandalf and Infotron entered into a loan agreement dated May 10, 1991 pursuant to which Gandalf agreed to loan Infotron on a secured basis up to U.S.$3.0 million (C$3.5 million) for working capital purposes prior to the completion of the merger. Prior to July 31, 1991, Gandalf arranged with the Royal Bank of Canada ("RBC") an interim credit facility for U.S.$3.0 million (C$3.5 million) to fund the working capital loan to Infotron. At July 31, 1991, Gandalf had drawn U.S.$2.35 million (C$2.7 million) under the interim credit facility and advanced these funds to Infotron under the working capital loan. On August 2, 1991, concurrent with the merger, a further U.S.$650,000 was advanced to Infotron, bringing the total to U.S.$3.0 million and the working capital loan was then converted to equity in the merged United States company.

Upon merger, a term credit facility for U.S.$15.0 million (C$17.5 million) was established with the Royal Bank of Canada (the "RBC Facility") to fund merger costs and integration expenses, repay certain existing bank indebtedness and replace the $3.5 million interim credit facility which had been arranged to fund the working capital loan to Infotron. The availability of the RBC Facility is subject to a margining formula based on accounts receivable, inventory and fixed assets of certain of Gandalf's subsidiaries. It bears interest at fluctuating rates between 0.25% and 2.25% above bank prime based on certain financial criteria and is secured by substantially all of the assets of the Company and a pledge of the capital stock and a guarantee of substantially all of Gandalf's subsidiaries. The term facility, which has a final maturity date of December 31, 1994 is repayable in ten equal quarterly installments commencing on September 30, 1992. The maximum commitment under the term credit facility reduces in stages by approximately 8% per quarter from January 1, 1992 until the date of the first principal repayment on September 30, 1992. Accordingly, the authorized amount of the RBC Facility was reduced from U.S.$15.0 million to U.S.$13.8 million on January 1, 1992 and a further reduction to U.S.$12.7 million will occur on April 1, 1992. Under the margining requirements of the RBC Facility, approximately $16.2 million was available to Gandalf for borrowing at January 25, 1992, of which $13.3 million was being utilized.

N.A., as agent ("Chase"), under which Infotron had been in default prior to merger, was amended and restructured on August 2, 1991. The amended credit facility (the "Chase Facility") between GSC and Chase had an initial principal amount of U.S.$20.1 million (C$23.5 million) following a repayment of U.S.$1.0 million on August 2, 1991. During the first six months of fiscal 1992, the Company repaid a further U.S.$0.6 million to Chase based on the sale of certain assets specified in the credit agreement. The Chase Facility, which has a final maturity date of November 1, 1994 is repayable in quarterly installments commencing August 1, 1992. The initial principal repayment amount is U.S.$3.1 million (C$3.6 million) on August 1, 1992 followed by eight quarterly installments of U.S.$2.0 million (C$2.3 million) each. Any remaining outstanding principal amounts will become due on November 1, 1994. The Chase Facility, which is prepayable without penalty at the option of GSC, bears interest at fluctuating rates varying between 2.0% and 3.5% above a base rate which is the greater of the prime rate charged by Chase and the U.S. Federal Funds Rate plus 50 basis points. The rate in excess of the base rate is 2.0% until January 31, 1993, following which the rate increases by 0.25% each quarter until May 1, 1994. The Chase Facility is secured by a first lien on the assets of GSC and its United States subsidiaries and a pledge of the capital stock and a guarantee by subsidiaries in Belgium, Italy and Sweden. In addition, the Chase Facility is secured by a second or third lien on substantially all of the other assets of the Company. Interest accruing on the Chase Facility is guaranteed on an unsecured basis by Gandalf until August 1, 1992.

The Company's authorized bank operating lines at January 25, 1992 totalled $18.2 million. At that time, under margining requirements based on the level of trade accounts receivable, inventories and other bank covenants, $16.2 million was available to the Company, of which $15.4 million was being utilized. Cash and short-term deposit certificates represented a further $3.7 million in available cash resources.

On January 25, 1992 the Company had total authorized term and operating credit facilities of $57.2 million. The amount available to the Company based on margining formulas and other bank covenants was $55.2 million. Total borrowings under these facilities were $47.7 million net of cash reserves.

The Company's subsidiary in the U.K. is currently in the process of finalizing amendments to its operating loan agreement with the Midland Bank plc (the "Midland Facility"), which would increase the authorized amount of the facility to 3.5 million pounds sterling. This facility will replace two facilities, totalling 2.8 million pounds, which had been established prior to the merger by Gandalf's and Infotron's U.K. subsidiaries. The new facility would be repayable upon demand, bear interest at Midland's published base rate plus 2% and be subject to a margining formula based on the accounts receivable of the combined U.K. operations.

The Company has agreed to certain financial covenants in connection with the RBC Facility, the Chase Facility and certain operating loan agreements with RBC (the "RBC Operating Loans"). At the time of entering into these credit agreements, concurrent with the merger on August 2, 1991, it was not practicable to determine the details of Infotron assets purchased and liabilities assumed pending the resolution of certain accounting matters associated with applying the purchase method of accounting to the merger transaction. Accordingly, covenants measuring the estimated tangible net worth of the merged company (tangible assets minus liabilities) were established based on estimated amounts for Infotron as at August 2, 1991 and anticipated costs of completing the merger. The resolution of the outstanding accounting matters relating to the application of the purchase method and other adjustments based on the actual financial position of Infotron on August 2, 1991 resulted in a reduction in the Company's tangible net worth as of the date of merger and consequently also as of October 26, 1991 which led to a breach of certain financial covenants at the end of the first

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quarter of fiscal 1992. Subsequent to the end of the first quarter of fiscal 1992, the Company negotiated amendments to the financial covenants contained in the RBC Facility, the Chase Facility and the RBC Operating Loans to reestablish compliance at October 26, 1991. At January 25, 1992, the Company was in compliance with the terms of these credit facilities.

Upon merger on August 2, 1991, the Company had combined net bank indebtedness of $34.4 million and at the end of the second quarter of fiscal 1992 this figure was $47.7 million. Negative cash flow of $13.3 million during the first six months following the merger, including negative cash flow of $7.7 million in the second quarter, has occurred as a result of the following factors: an increase in working capital as a result of the merger; the payment of severance costs, excess operating costs, as described earlier, and professional fees relating to the merger; and the operating loss for the two quarters ended January 25, 1992. Operating working capital has increased $6.0 million since the date of merger, represented primarily by higher accounts receivable and inventories and lower levels of trade accounts payable and other payables and accrued liabilities.

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The Company expects that it will experience pressure on its cash and credit resources during the early part of the 1993 fiscal year as a result of the lower revenues and the higher than anticipated loss during the second quarter of fiscal 1992. The Company believes that its current financial base, together with existing credit facilities and the proposed Midland Facility will provide sufficient financial resources for continued operations. The Company's ability to maintain short-term liquidity and meet its cash obligations in the near term is dependant upon the Company achieving improved operating results over those achieved during the first six months of fiscal 1992. The Company's business plans, which were submitted to RBC and Chase in connection with establishing the RBC Facility and the Chase Facility respectively, anticipated that the cash flow necessary to make scheduled principal repayments in the near term would be derived from cash flow from operations commencing during the latter stages of the integration period. The Company anticipates that sufficient positive cash flow can occur during the balance of the integration period, as a result of operational savings, in order to meet its scheduled debt repayment obligations.

The Company anticipates that long-term cash requirements, including debt service and principal repayments will be satisfied through future operating cash flows and other financing arrangements including the possible refinancing of existing indebtedness.

The Company's current ratio at January 25, 1992 was 1.38:1, down from October 26, 1991 when it was 1.50:1. The decline in the current ratio during the second quarter of fiscal 1992 was caused primarily by the increase in current net bank indebtedness.

Many of the asset and liabilities categories appearing on the consolidated balance sheet at January 25, 1992 have increased significantly during the current year as a result of the merger. The impact of the merger on certain balance sheet categories is discussed in the following paragraphs.

Accounts receivable increased by $16.2 million as a result of the merger with Infotron. Accounts receivable increased by $1.6 million to $53.0 million at the end of the first quarter of fiscal 1992 as a result of billings for the quarter exceeding cash rereipts. The $2.6 million increase in accounts receivable to $55.6 million at the end of the second quarter was due almost entirely to

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increases in foreign currency exchange rates against the Canadian dollar.

Inventories at October 26, 1991 were $38.2 million compared to $26.1 million at July 31, 1991. The increase during the first quarter arose almost entirely as a result of the merger with Infotron. In the second quarter, inventories increased by $3.6 million to $41.8 million. Higher foreign currency exchange rates were the cause of more than half the increase, with the balance occurring as a result of the lower than anticipated product revenues in the quarter.

The Company's net investment in sales-type leases (representing capital leases where the Company is the lessor) increased from $1.7 million at July 31, 1991 to $3.9 million at the end of the first quarter which remained unchanged at the end of the second quarter. This increase arose as a result of the merger with Infotron.

Fixed assets increased significantly as a result of the merger. Capital expenditures during the first six months of fiscal 1992 were $1.6 million. These expenditures were all of an ongoing capital nature. The Company continues to closely monitor and control capital spending. Subsequent to the conclusion of the second quarter, the Company completed the sale of its $3.3 million facility located in Wheeling, Illinois, U.S.A. The purchaser has assumed the Company's obligation under a $3.2 million mortgage on the property. GSC's sales and service organization in the central region of the United States, along with the Corporate Communications group will continue to operate from leased premises in the Chicago area.

On July 31, 1991, trade accounts payable and other payables and accrued liabilities together totalled $20.6 million and on August 2, 1991, upon completing the merger with Infotron these liabilities totalled $41.0 million. The Company reduced the amount of these payables to $35.4 million at October 26, 1991 representing a decline of $5.6 million during the first quarter. The trade accounts payable and accrued liabilities of Infotron had increased significantly during the period immediately prior to merger as a result of cash flow constraints and operating losses. During the second quarter of fiscal 1992, these current liabilities categories increased by $0.7 million to $36.1 million.

Deferred revenue, representing primarily the unearned portion of service and maintenance contracts, increased by $1.8 million as a result of the merger. This factor together with the effect of the timing of certain contract billings near the end of the first quarter of fiscal 1992 caused deferred revenue to increase from $4.7 million at July 31, 1991 to $8.5 million at October 26, 1991. The timing of billings associated with certain service contracts led to an increase in deferred revenue to $9.5 million at the end of the second quarter of fiscal 1992.

Long-term debt of the Company, exclusive of bank indebtedness, at January 25, 1992 was $7.1 million. The mortgage of $3.2 million on the Company's property which was sold subsequent to the end of the second quarter, as described earlier, together with the obligation under a capital lease for a manufacturing facility comprise approximately $6.0 million of this amount. The balance is represented by obligations under leases for capital equipment.

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II - OTHER INFORMATION

Item 5 - Other Information

The Company has determined, at a meeting of its Board of Directors held on December 6, 1991, to change its fiscal year end from July 31 to March 31. Accordingly, the 1992 fiscal year will end on March 31, 1992 and will cover eight months in duration. A transition report on Form 10-K will be filed for such eight month fiscal period.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GANDALF

TECHNOLOGIES INC.

March 6, 1992

BY: &&PIN DESMOND CUNNINGHAM

Date

Desmond Cunningham
Chairman
(Chief Executive

Officer)

March 6, 1992

BY: &&PIN JAMES NEWELL

Date
C.A.

James R. Newell,

Vice President,

Finance

(Chief Financial

Officer)

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended January 31, 1992 Commission File No. 0-9923

IMPERIAL PETROLEUM, INC.
(Exact Name of Registrant as specified in its Charter)

NEVADA	95-338601
(State of other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
13636 Neutron Road, Dallas, Texas	75244-4410

Registrant's Telephone Number (area code) (214) 661 5869

Not Applicable
(Former name-address-fiscal year, if changed since last report)

Indicate by check mark whether Registrant (i) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that Registrant was required to file such reports) YES X NO ____ and has been subject to such filing requirements for the past 90 days YES X NO ____.

As of January 31, 1992 there were 15,749,611 shares of $.001 Par Value Common Stock Outstanding.

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IMPERIAL PETROLEUM, INC.
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All other items called for by the instructions are omitted as they are inapplicable, not required, or the information is included in the condensed financial statements or notes thereto.

IMPERIAL PETROLEUM, INC.
Balance Sheet

ASSETS

	January 31, 1992	July 31, 1991
CURRENT ASSETS		
Cash	-0-	3
Accounts Receivable - Trade	(2,135)	12,458
Affiliates (Net of allowance of 34,851)	269,296	274,961
Managed Partnerships	72,958	77,780
Total current assets	340,119	365,202
PROPERTY AND EQUIPMENT, at cost		
Oil and Gas properties and equipment	1,430,656	1,430,656
Other	33,744	33,744
	1,464,400	1,464,400
Less accumulated depreciation, depletion and amortization	(858,717)	(843,717)
Total Property and Equipment	605,683	620,683
OTHER ASSETS		
Equity in interest in partnerships	77,171	77,171
Investments in securities	819	325,819
Other	256,684	122,480
Total other assets	334,674	525,470
TOTAL ASSETS	1,280,476	1,511,355

IMPERIAL PETROLEUM, INC.

Balance Sheet

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31, 1992	July 31, 1991
CURRENT LIABILITIES		
Notes Payable, due within one year	39,118	39,118
Accounts Payable		
Trade	81,539	76,736
Affiliates	106,273	242,670
Total current liabilities	226,930	358,524
LONG TERM DEBT, due after one year	35,171	35,171
Total Liabilities	262,101	393,695
STOCKHOLDERS' EQUITY		
Common Stock, $ .001 par value, authorized 50,000,000 shares issued and outstanding 15,749,611	15,750	15,750
Additional paid-in capital	2,957,258	2,957,258
Retained earnings (deficit)	(1,774,595)	(1,675,310)
	1,018,375	1,297,698
Less cost of Treasury Stock	(180,038)	(180,038)
	1,018,375	1,117,660
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	1,280,476	1,511,355

IMPERIAL PETROLEUM, INC.
CONSOLIDATED STATEMENT OF OPERATIONS

	Six Months Ended: 1-31-92	Six Months Ended: 1-31-91
Revenues:		
Oil and Gas Sales	25,411	52,289
Other Revenue	7,697	3,562
	33,108	55,851
Costs and Expenses:		
General and Administrative	21,975	15,843
Exploration and Prod. Expense	24,167	31,640
	46,142	47,483
Other Income (Expense)		
Gain or (Loss) on Settlement of Acct. Rec.	(71,251)	-0-
Interest Expense	-0-	-0-
Depreciation, Depletion and Amortization	(15,000)	(15,000)
Net Profit (Loss)	(99,285)	(6,632)
Weighted Average Number of Common Shares	15,749,611	5,749,611
Earnings (Loss) per Common Share	$(.006)	$ (.0004)

STATEMENT OF CHANGES IN STOCKHOLDER's EQUITY
For the Period Ended October 31, 1991

See Below	Common Stock Shares	Common Stock Value	Capital in In Excess of Par	Re tained Earnings	Treasury Stock	Total
1.	15,749,611	15,750	2,957,258	(1,675,310)	(180,038)	1,117,660
2.				(99,285)		(99,285)
3.	15,749,611	15,750	2,957,258	(1,774,595)	(180,038)	1,018,375

1. Balance at 7/31/91
2. Income (Loss) for the period.
3. Balance at 1/31/92

IMPERIAL PETROLEUM, INC.

CONDENSED UNAUDITED STATEMENT OF CHANGES IN FINANCIAL POSITION

	6 Months Ended:	
	1-31-92	1-31-91
Financial Resources provided by Operations:		
Net Income	(99,285)	(6,632)
Items not requiring Outlay of working capital:		
Depletion, Depreciation and Amortization	15,000	15,000
Working Capital Provided by Operations	(84,285)	8,368
Decrease (Increase) in Properties and Equipment	-0-	-0-
Decrease (Increase) in Other Assets	190,796	1,906
Increase (Decrease) in Other Liabilities	-0-	-0-
	190,796	10,274
Increase (Decrease) in Long Term Debt	-0-	-0-
Increase in Treasury Stock	-0-	-0-
Net Increase (Decrease) in Working Capital	106,511	10,274
Working Capital at beginning of period	6,678	3,648
Working Capital at end of period	113,189	13,922

NOTES TO FINANCIAL STATEMENT

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company was incorporated on January 16, 1981 in the State o Nevada. Its primary activities have been the acquisition of interests in various oil and gas producing properties and exploration for oil and gas.

OIL AND GAS PROPERTIES

The Company uses the successful efforts method of accounting for oil and gas properties.

Leasehold acquisitions costs are capitalized as unproved oil and gas properties. Such costs are transferred to proved properties when production commences or proved reserves are discovered on a prospect in which the Company drills a well on its own behalf. Costs of leaseholds for which working interests are assigned to limited partnerships sponsored by the Company are transferred to investment in partnerships at the time the assignment is made. The acquisition costs of leases upon which no proved reserves have been discovered are evaluated at least annually, and an allowance for impairment is provided, if required. The net carrying basis of the lease (acquisition cost less allowance for impairments) is transferred to proved properties if proved reserves are subsequently discovered. The costs of leases surrendered is charged against the related allowance for impairments to the extent that an allowance has been provided, and costs in excess of the allowance previously provided are expensed.

The costs of all development wells owned by the Company are capitalized as proved oil and gas properties.

Depreciation, depletion and amortization are computed separately on each individual prospect. Proved property leasehold costs are depleted on the unit-of-production method over the estimated total proved reserves of the individual reserves of the individual prospects. Completed well costs are depreciated and amortized on the unit-of-production method over the estimated proved developed reserves of the individual prospects.

Equity Interest in Partnerships

The Company's interest in sponsored limited partnerships is stated at the cost of assets contribued to the partnership plus its share of undistributed earnings less any partnership distributions. The Company's income statement includes the Company's proportionate share of income and expense items of the partnerships.

Marketable Equity Securities

Marketable equity securities are carried at the lower of aggregate cost or market at July 31, 1991.

Accounting Principles

In the opinion of the Company, the accompanying condensed unaduited financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of January 31, 1992 and 1991 and the results of operations for the 6-months then ended.

The results of operations for the 6-month period ended January 31, 1992 and 1991 are not necessarily indiciative of the results to be expected for the full year.

Notes Receivable

Debtor	Interest Rate	Due Within One Year	Long Term
Affiliated Companies	-0-	-0-	115,716

Notes Payable

Monthly Installment	Interest Rate	Due Within One Year	Due After One Year
$ 500.00	12%	$ 9,118.00	$35,171
2,000.00	-0-	30,000.00	-0-

Related Party Transactions - Working interests in three producing oil properties were transferred to an affiliated company in exchange for production notes & services rendered. There was no gain or loss on the transaction.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONDENSED UNAUDITED STATEMENT OF INCOME

The following is Management's discussion and analysis of certain significant factors which have affected the Company's earnings during the 6-month period reported on in the accompanying condensed Unaudited Statement of Income.

A summary of the period to period changes in the principal items included in the Condensed Unaudited Statement of Income is shown below.

	6 - Months ended: 1-31-92 and 1991
Net Sales	$ (27,178)
Interest & other Income	4,135
General and Admin. Expense	6,132
Depletion, Depreciation and Amortization	-0-
Interest Expense	71,251
Net Income (Loss)	92,653

Oil and gas sales decreased as compared to the same period last year due primarily to a significant decrease in the price per bbl. of oil and the shutting down of one (1) well. General and Administrative expense increased due to increase in taxes and insurnace. The recurring cash flow for the first 6-months of fiscal year 1992 was approximately $7,000.00 per month. The average cash loss per month (before allowance for depreciation, depletion and bad debt) was $2,172. During the 6-month period the price of oil decreased from $21.25 to $18.00 per bbl. by the end of the period.

Review by Independent Public Accountant

The condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosure normally included in financial statements prepared in accordance with generally accepted accounting principals have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosure are adequate to make the information presented not misleading.

The information contained in this report has not been reviewed by Registrant's certified public accountant (who are paid only for the required annual certified statements and not for interim work), however, they are available for review.

PART II - Other Information:

Item 1: Legal Proceedings: There is no pending litigation involving Registrant. There are two unpaid judgements totaling $74,289.

Item 2: Changes in the Rights of Securityholders

None

Item 3: Defaults by the Company on its Senior Securities - None

Item 4: Results of votes and Securityholders - None

Item 5: Exhibits and Reports on Form 8-K - None

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

IMPERIAL PETROLEUM, INC.

By: ______________________________
Fred M. Updegraff
Vice President and Principal
Accounting Officer

Dated: March 30, 1992

Item 3: Defaults by the Company on its Senior Securities - None

Item 4: Results of votes and Securityholders - None

Item 5: Exhibits and Reports on Form 8-K - None

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

IMPERIAL PETROLEUM, INC.

By:
Fred M. Updegraff
Vice President and Principal
Accounting Officer

Dated: March 30, 1992

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

10-Q

For Quarter ended
January 31, 1992

Commission File Number
33-9710-D

INCE IV, Inc.
(Exact name of registrant as specified in its charter)

Colorado
(State or other jurisdiction of incorporation or organization)

84-1037886
(IRS Employer Identification No.)

13215 Braun Road
Golden, CO.
(Address of principal executive offices)

80401
(Zip code)

(303) 237-4417
Registrant's telephone number including area code

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No _____

As of March 1, 1992, 54,700,000 shares of common stock were outstanding.

Ince IV, Inc.
(A Development Stage Company)

Form 10-Q

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Ince IV, Inc.
(A Development Stage Company)
Balance Sheets

	Qtr Ended 1/31/92 (Unaudited)	Year Ended 4/30/91 (Audited)
ASSETS		
Current Assets:		
Cash	83,555	99,880
Prepaid Expense	0	0
Accrued interest	355	355
Total Current Assets	83,910	100,235
NOTE RECEIVABLE, net of allowance	0	0
Total Assets	83,910	100,235
LIABILITIES AND STOCKHOLDERS' EQUITY		
Expenses payable, officer	825	600
Accrued Expenses		225
	825	825
Stockholders' Equity		
Preferred Stock $.10 par value per share, 10,000,000 shares authorized and 0 shares issued	0	0
Common stock, no par value per share, 700,000,000 shares authorized	312,090	312,090
Deficit accumulated during development stage	(229,005)	(212,680)
Rounding		
Total Stockholders' Equity	83,085	99,410
TOTAL LIABILITIES AND EQUITY	83,910	100,235

Ince IV, Inc.
(A Development Stage Company)
Statement of Operations

	9 mo. Ended 1/31/92 (Unaudited)	Qtr Ended 1/31/92 (Unaudited)	Qtr Ended 1/31/91 (Unaudited	From 8/15/86 (inception) 1/31/92 (Unaudited)	For the year ended 4/31/91 (Audited)
Revenues:					
Interest income	3,601	975	1,279	44,826	7,887
Total Revenues	3,601	975	1,279	44,826	7,887
Expenses:					
Accounting	2,400	2,400	0	7,340	1,950
Bad Debts	0	0	0	140,000	25,000
Bank Charges	12	0	12	111	0
Consulting Fees	13,500	4,500	4,500	91,203	18,000
Legal Fees	309	112	96	3,343	321
Office expense	2,250	750	750	10,803	3,000
Postage & Printing	71	0	0	1,252	73
Misc.	420	0	250	3,984	93
Stock Trans Fees	0	0	0	4,148	1,045
Travel	964	964	0	11,647	800
Total Expenses	19,926	8,726	5,608	273,831	50,282
Net Income(Loss)	(16,325)	(7,751)	(4,329)	(229,005)	(42,395)
Net Loss per common share	$(-)	$(-)	$(-)	$(-)	$(-)

INCE IV, Inc.
(Formerly Veneratus Corp.)
(A Development Stage Company)
STATEMENT OF CASH FLOWS

	Nine Months ended 1/31/92	Three Months ended 1/31/92	Three Months ended 1/31/91	From 8/15/86 (inception)to 1/31/92	From 8/15/86 (inception)to 4/31/91
CASH FLOWS FROM OPERATING ACTIVITIES					
Net loss during development stage	($16,325)	($7,751)	($4,329)	($229,005)	($212,600)
Noncash items included in net loss:					
(Increase) in interest receivable	0	0	0	(355)	(355)
Increase(decrease) in accts.payable	0	0	0	600	600
Bad debts	0	0	0	140,000	140,000
Common stock issued for services	0	0	0	1,300	1,300
Incr. in Prepaid expenses	0	0	1,750	0	
Incr. in accrued expenses		0	0	225	225
NET CASH USED BY OPERATING ACTIVITIES	(16,325)	(7,751)	(2,579)	(87,235)	(70,518)
CASH FLOWS FROM INVESTMENT ACTIVITIES					
(Increase) decrease in certificates of deposit				$0	0
Increase (decrease) in note receivable	0	0	0	($140,000)	(140,000)
NET CASH USED IN INVESTING ACTIVITIES	0	0	0	(140,000)	(140,000)
CASH FLOWS FROM FINANCING ACTIVITIES					
Stock issued for cash	0	0	0	$310,790	310,790
NET CASH PROVIDED BY FINANCING ACTIVITIES	0	0	0	310,790	310,790
NET INCREASE (DECREASE) IN CASH	(16,325)	(7,751)	(2,579)	83,555	99,880
CASH, BEGINNING	99,880	91,306	93,885	0	0
CASH, ENDING	83,555	83,555	91,306	83,555	99,880

IMCE IV, Inc.
(A Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock		Deficit Accumulated During Development Stage	Total Stockholders' Equity
	Shares	Amount		
Units issued				
For services ($.0001 per share) 08/15/86:				
Officer/director	12,000,000	$1,200		$1,200
Related Party	1,000,000	100		100
For cash ($.0001 per share) @ 9/26/86:				
Officers/Directors	6,000,000	6,000		6,000
For cash ($.0033 per unit) @ 10/13/86	1,200,000	4,000		4,000
Net loss for the period August 15, 1986 (inception) to April 30, 1987			(9,078)	(9,078)
Balance April 30, 1987	20,200,000	$11,300	($9,078)	$2,222
Shares issued in public offering at $.01/share on December 10, 1987	30,000,000	300,000		300,000
Offering Costs		(59,210)		(59,210)
Net loss Y/E 4/30/88			(18,604)	(18,604)
Balance April 30, 1988	50,200,000	252,090	($27,682)	$224,408
Shares issued	4,500,000	60,000		60,000
Net loss Y/E 4/30/89			(63,654)	(63,654)
Balance April 30, 1989	54,700,000	312,090	(91,336)	220,754
Net loss Y/E 4/30/90			(78,949)	(78,949)
Balance April 30, 1990	54,700,000	312,090	(170,285)	141,805
Net loss Y/E 4/30/91			(42,395)	(42,395)
Balance April 30, 1991	54,700,000	312,090	(212,680)	99,410
Net loss - period ended 1/31/92			(16,325)	(16,325)
Balance 1/31/92	54,700,000	312,090	(229,005)	83,085

Ince IV, Inc.
(A Development Stage Company)

Notes to Financial Statements

Note A - Summary of Significant Accounting Policies

ORGANIZATION

Veneratus Corp. (the "Company") was incorporated under the laws of the State of Colorado on August 15, 1986. On October 27, 1987, the Company amended its articles of incorporation to change its name to INCE IV, Inc.. The Company is in the development stage as more fully defined in Statement No. 7 of the Financial Accounting Standards Board. The Company intends to actively seek, locate, evaluate, structure and complete mergers with or acquisitions of private companies, partnerships or sole proprietorship.

On October 19, 1988 the company entered into a Letter of Intent regarding a proposed exchange of common stock for all of the issued and outstanding capital stock of Monovast S.P.R.L Zaire (Monovast), a Zaire corporation, and New Agriculture Limited (NAL) , a Kenya corporation. As part of this letter of intent the Company agreed to advance up to $100,000 to pay for costs incurred in developing the projects. As of October 31, 1990 the Company has advanced in excess of $100,000 - the collection of which is indeterminable and is therefor fully reserved. (See Management's Discussion for additional information.)

INCOME TAXES

The Company has recorded no income tax benefit because is has incurred losses since its inception. Net operating losses can be carried forward for fifteen years.

NET LOSS PER SHARE

The net loss per share of common stock is computed by dividing the net loss by the weighted average number of shares outstanding during the period. The common stock warrants (see Note D) which are common stock equivalents were excluded from the computation because their inclusion would have an anti-dilutive effect.

CASH EQUIVALENTS

For purposes of these statements, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Note B - Common Stock Reserved For Issue

On August 15, 1986, the Company's Board of Directors authorized an Incentive Stock Option Plan and have reserved 10,000,000 shares of the Company's no par common stock for key employees. The Board of Directors is authorized to determine the exercise price, the time period, the number of shares subject to the option and the identity of those receiving the options. No stock options have been granted pursuant to the plan.

The Company has reserved 300,000,000 shares of its no par value common stock to be issued upon exercise of the common stock purchase warrants. One common stock purchase warrant grants the right to purchase one share of common stock for $0.02 per share during the two year period commencing October 7, 1987. As of April 30, 1989, 3,000,000 warrants had been exercised.

Note C - Preferred Stock

The preferred stock may be issued by the Board of Directors in one or more series. The Board shall determine the distinguishing features of each, including preferences, rights and restrictions, upon the establishment of each series.

Note D - Related Party Transactions

On August 15, 1986, the Company issued 12,000,000 units (each unit consisting of one share of the Company's common stock and fifteen common stock purchase warrants with each warrant entitling the holder to purchase one share of common stock at $.02 per share during the two-year period commencing on the date of the prospectus) of its common stock, in lieu of salary, to its President in exchange for services performed. The Company's Board of Directors valued the services at $1,200.

On August 15, 1986, the Company issued 1,000,000 units (each unit consisting of one share of the Company's common stock and fifteen common stock purchase warrants with each warrant entitling the holder to purchase one share of common stock at $.02 per share during the two-year period commencing on the date of the prospectus) of its common stock to its attorney in exchange for consulting services valued the services at $100.

Ince IV, Inc.
(A Development Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company was formed on August 15, 1986 to evaluate, structure and complete a merger with, or acquisition of, other entities. The Company's activities to date have been limited to the completion of its public offering, and on October 19, 1988 the company signed a Letter of Intent with Monovast and New Agricultural Limited.

Monovast S.P.R.L. Zaire, a Zaire Corporation ("Monovast") and New Agricultural Limited, a Kenya Corporation ("NAL")have entered into a Letter of Intent to merge into Ince IV, Inc.. Monovast is negotiating a hardwood forest concession from the Government of Zaire and anticipates commencing lumbering operations if sufficient financing can be obtained. NAL currently owns a 20,450 acre leasehold of agricultural land from the Government of Kenya. NAL intends to commence farming operations as soon as sufficient funding can be obtained for the project.

According to the Letter of Intent Ince IV will advance up to $100,000 to assist in the development of both projects. If at least $50,000,000 (fifty million dollars) of financing is not obtained by October 31, 1989 the Board of Directors of Ince IV may cancel the proposed merger. Upon such cancellation Ince IV will be entitled to receive as reimbursement one-half of all advances made by it as a part of this agreement payable on October 31, 1989. Ince IV has advanced in excess of $100,000 in accordance with the letter of intent. Management has decided to extend the due date until such time as the Letter of Intent is either completed or cancelled.

As of March 1, 1992 Monovast and NAL have been unable to secure the financing required to commence either project. Management of Monovast has concluded a series of meeting with financing sources in Europe and is continuing these efforts during the spring of 1992. It is too early at present to tell if these meetings will produce any financing for the projects. Ince IV's management has chosen to pursue the letter of intent for the foreseeable future.

Part II. Other Information
Item 1. Legal Proceedings
None
Item 2. Changes in Securities
None
Item 3. Defaults upon Senior Securities
None
Item 4. Submission of matters to a vote of Shareholders
None

Ince IV, Inc.
(A Development Stage Company)

Item 5. Other Information
None

Item 6. Exhibits and Reports on Forms 8-K
None

Ince IV, Inc.
(A Development Stage Company)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INCE IV, Inc.

March 23, 1992

Mark Moldenhauer, President,

Chief Financial Officer

✓

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FORM 10-Q

SECURITIES AND EXCHANGE AND COMMISSION
Washington, D.C.

0 31097
Q 35564

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period ended ________________ to ______________

Commission file number 0-18825

Marine Sports, Inc. /DE/
(Exact name of registrant as specified in its charter)

Delaware	87-0452119
(State or other jurisdiction of corporation or organization)	I.R.S. Employer Identification No.

411 Highway South, P.O. Box 60 Greenback, TN 37742
(Address of principal executive offices) (Zip Code)

(615) 856-3035
(Registrant's telephone number, inclu

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N/A
(Former name, former address and former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the proceeding 12 months (or for such shorter period that the registrant has required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

APPLICABLE ONLY TO ISSUES INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.
Yes ___ No ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of March 10, 1992 there were 3,026,316 shares of common stock issued and outstanding.

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PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

Page No.

Consolidated Balance Sheets (Unaudited) 2

Consolidated Statements of Operations (Unaudited) 4

Consolidated Statements of Stockholders' Equity (Unaudited) 5

Consolidated Statements of Cash Flows (Unaudited) 6

Notes to Consolidated Financial Statements (Unaudited) 7

MARINE SPORTS, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	January 31, 1992	JULY 31, 1991
ASSETS		
CURRENT ASSETS		
Cash	28,702	4,747
Receivables:		
Trade, net of allowances of 63,640 and 3,640	550,816	985,751
Other	13,138	8,982
Inventory	1,734,797	1,384,850
Prepaid expenses	459,318	167,126
Federal income tax receivable	61,000	61,000
Total Current Assets	2,847,769	2,612,456
PROPERTY AND EQUIPMENT		
Buildings and improvements	976,471	976,470
Machinery and equipment	547,697	546,159
Office equipment	345,330	345,361
Furniture and fixtures	77,549	77,549
Automobiles and trucks	115,854	115,854
Molds	1,129,560	1,103,176
Company boats and trailers	110,728	110,728
Land	31,600	31,600
Computer hardware & software	39,882	34,586
Construction in progress	54,754	54,754
	3,429,425	3,396,237
Accumulated depreciation	(1,080,261)	(947,704)
Total Property & Equip.	2,349,164	2,448,533
OTHER ASSETS		
Goodwill	90,979	92,279
Other	481,904	489,690
Total Other Assets	572,883	581,969
	5,769,816	5,642,958

MARINE SPORTS, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	January 31, 1992	JULY 31, 1991
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Disbursements in excess of funds on deposit	317,555	202,628
Notes payable	1,511,433	1,111,580
Accounts payable	1,042,006	1,328,324
Accrued commissions and compensation	68,348	92,404
Allowance for warranty claims	50,995	100,062
Volume rebate payable	24,586	85,662
Allowance for repurchases	60,000	60,000
Miscellaneous current liabilites	181,045	261,450
Accrued income taxes	76,563	17,533
Current maturities of long term debt	93,296	95,644
Legal contingency	150,000	150,000
Total Current Liabilities	3,575,827	3,505,287
LONG TERM DEBT, less current maturities	381,029	448,810
Bonds Payable	225,000	0
OTHER LIABILITIES		
Deferred income taxes	88,815	88,815
Legal contingency	140,000	130,000
Total Other Liabilities	228,815	218,815
STOCKHOLDERS' EQUITY		
Preferred stock, 2,000,000 shares issued	2,000	2,000
Common stock, 3,026,316 shares issued	15,132	14,401
Additional paid-in capital	306,591	57,241
Retained earnings	1,035,422	1,146,404
Minority interest in subsidiary	0	250,000
Total Stockholders' Equity	1,359,145	1,470,046
	5,769,816	5,642,958

MARINE SPORTS, INC
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	January 31, 1992	January 31, 1991	January 31, 1992	January 31, 1991
Net Sales	3,026,709	4,001,598	6,209,661	7,815,650
Cost of Goods Sold	2,405,758	3,083,024	5,138,559	6,012,199
Gross Profit	620,951	918,574	1,071,102	1,803,451
Selling, General & Admin.	480,421	714,915	1,102,821	1,760,043
Income(Loss) from Operations	140,530	203,659	(31,719)	43,408
Other Income(Expense)				
Interest expense	(40,517)	(61,730)	(79,263)	(129,508)
Other income(expense)	(75,605)	(71,899)	0	(194,509)
Total Other Income(Expense)	(116,122)	(133,629)	(79,263)	(324,017)
Income(Loss) Before Income Tax	24,408	70,030	(110,982)	(280,609)
Income Tax Provision	0	27,669	0	(110,870)
Net Income (Loss)	24,408	42,361	(110,982)	(169,739)
Shares Outstanding:				
Weighted Average Common	2,941,316	2,807,043	2,908,816	2,859,215
Weighted Average Share Equivalents	--	480,000	--	375,000
Adjusted Outstanding	2,941,316	3,287,043	2,908,816	3,234,215
Net Income(Loss) per Common and Common Equivalent Share	$0.01	$0.01	($0.04)	($0.05)

MARINE SPORTS, INC
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the six months ended January 31, 1992
(Unaudited)

	Preferred stock, $.001 par value 2,000,000 shares authorized 2,000,000 shares issued and outstanding	Common stock $.005 par value 100,000,000 shares authorized 3026316 issued and outstanding	Additional Paid-In Capital	Retained Earnings	Minority Interest	Total Stockholders' Equity
Balance, August 1, 1991	$2,000	$14,401	$57,241	$1,146,404	$250,000	$1,470,046
Net loss for the six months ended January 31, 1992				(110,982)		
Issuance of 146206 shares of $.005 par value common stock		731	249,350		(250,000)	
Balance, January 31, 1992	$2,000	$15,132	$306,591	$1,035,422	$0	$1,359,145

Inventories

The components of inventory consisted of the following:

	January 31, 1992	July 31, 1991
Finished goods	905,733	660,670
Raw materials	379,068	366,479

MARINE SPORTS, INC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended	
	January 31, 1992	January 31, 1991
Operating Activities		
Net (loss) income	(110,982)	(169,739)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	132,557	128,257
Increase (decrease) in deferred taxes	0	(38,975)
Decrease (increase) in trade accounts receivable	434,937	(575,769)
Decrease (increase) in inventories	(349,947)	773,828
Decrease (increase) in prepaid expenses and other assets	(434,606)	(46,261)
Decrease (increase) in other receivables	(4,156)	
Increase (decrease) in Federal income tax payable		
Increase (decrease) in trade accounts payable	(286,318)	65,075
Increase (decrease) in accrued expenses and other current liabilities	100,027	5,000
Net Cash Used in Operating Activities	(518,488)	141,436
Investing Activities		
Acquisition of property, plant and equipment	(33,188)	(119,659)
Financing Activities		
Net proceeds (payments) on long term debt	157,219	140,351
Net proceeds (payments) on line of credit	23,378	(302,464)
Net proceeds (payments) on short-term borrowings	394,953	(81,849)
Sale of Common Stock	81	208,100
Net Cash Provided (Used) by Financing Activities	575,631	(35,862)
Increase (Decrease) in Cash	23,955	(14,085)
Cash at Beginning of the Fiscal Year	4,747	21,105
Cash at the End of the Period	28,702	7,020
Cash paid(received) during the period for:		
Interest	135,627	90,360
Income Taxes	--	--

MARINE SPORTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

January 31, 1992

Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Articla 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six month period ended January 31, 1992 and 1992 are not necessarily indicative of the results that may be expected for the year ended July 31, 1992.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report for the year ended July 31, 1991, contained in the S-18 Registration Statement filed with the Atlanta Regional Office of the Securities and Exchange Commission.

Note 2 - Inventories

The components of inventory consisted of the following:

	January 31, 1992 (Unaudited)	July 31, 1991
Finished goods	$905,733	$660,670
Raw materials	379,068	366,479
Work-in-process	207,829	134,203
Used boats and trailers	62,237	64,334
Parts	137,793	122,748
Trailers	23,353	13,713
Supplies	18,784	22,703
	$1,734,797	$1,384,850

Note 3 - Statement of Cash Flows Supplementary Disclosures

The Company considers deposits in banks, certificates of deposit and highly-liquid investments which are readily convertible into cash as cash and cash equivalents for the purposes of the Statement of Cash Flows.

Supplemental disclosures of cash flow information:

	For the Six Months Ended	
	January 31, 1992 (Unaudited)	January 31, 1992
Cash paid (received) during the period for:		
Interest	$135,627	$90,360
Income taxes	0	0

In a non-cash transaction during the year ended July 31, 1991, a note payable in the amount of $250,000 was converted to preferred stock of Supra Sports, Inc., a subsidiary, and is reflected as minority interest in the July 31,1991 balance sheet.

Note 4 - Conversion of Debt to Preferred Stock

On November 16, 1990, a related party converted $250,000 in debt to 105,000 shares of preferred stock in a subsidiary of the Company. The shares were convertible at any time into common shares of marine Sports, Inc. stock on a one for one conversion basis.

On January 22, 1992, the option was exercised and the 105,000 shares of preferred stock in the subsidiary of the Company were exchanged for 105,000 shares of common stock of Marine Sports, Inc. The shares of common stock are considered "restricted securities" as defined in Rule 144 of the Securities Act of 1933.

Note 5 - ESOP Conversion

On January 31, 1991, the Board of Directors of the Company passed a resolution authorizing the conversion of the Company's profit sharing to an employee stock option plan.

Note 6 - Contingencies

During the year ended July 31, 1990, one of the stockholders of Supra exercised dissenter rights available to him under the applicable laws of the State of Tennessee. An agreement has been reached as to payment for the cancelled shares. The agreement, however, is contingent upon the consummation of the anticipated merger described in the enclosed Management's Discussion and Analysis of the financial statements. management believes that consummation of the merger is probable, and accordingly has recorded a liability. $150,000 is to be paid pursuant to the anticipated merger with two $75,000 equal annual installments of principal and interest at 10%. Present value of the cash outflows is $290,000. In addition, the company is a co-defendant and defendant in litigation surrounding two product liability claims. The Company's insurance carrier is defending the company and it is management's opinion it is adequately insured in the unlikely event of a judgement against the company. Further, the company is a defendant in a compliant filed by a former officer of the company that alleges a breach of lease on computer equipment, breach of contract, and claims arising from an alleged royalty agreement. The company plans to vigorously oppose this compliant and does not feel that any result would have a material adverse effect on the company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The Company's revenues decreased approximately 24% for the three months ended January 31, 1992 and 20.5% for the six months ended January 31, 1992 from the comparable periods in 1991. Management believes such decreases are the continued result of the recession in the United States and the corresponding declining demand for "big ticket" luxury items such as the Company's products. Supra accounted for $5,469,164 (88.1%), Moomba accounted for $671,416 (10.8%) and D'Signs accounted for $69,081 (1.1%) of such revenues during the six months ended January 31, 1992. The Company has been successful in reducing the net loss for year to date as compared to the comparable period in the 1991 fiscal years despite reduced revenues due to the combination of reduced selling, general and administrative expenses discussed below and increased revenues from Moomba which has a higher gross profit than Supra.

The Company's gross profit margin for the three months and six months ended January 31, 1992 was 20.5% and 17.2%, respectively, a decrease of 2.5% and 5.8%, respectively, from the comparable periods in 1991. Such decreases are related to increased costs of raw materials and are further compounded by temporary inefficiencies in the manufacturing process as a result of the decreased production in response to decreased sales. At such time as the Company increases production to respond to seasonal increases and stabilized consumer demand, its gross profit margin should increase. As discussed above, the Company historically increases revenues during the last two quarters of the fiscal year.

The Company's selling, general and administrative expenses as a percentage of revenues continue to decrease as a result of management's cost containment efforts. Costs of goods sold as a percentage of revenues, however, have increased slightly as a result of decreased production due to the fixed nature of certain overhead included in costs of goods sold. Management of the Company believes it can increase production without a signficant increase in selling, general and administrative expenses.

Historically the first two quarters of the Company's fiscal year result in losses because of the seasonality of sales of water-ski boats. Additionally, the recreational boat industry has been hard hit by the recession and sales continue to be depressed through the quarter ended January 31, 1992. These factors are further compounded by the Company's continuing working capital shortages as discussed below causing the Company to devote only limited resources to marketing of the Company's products. Management believes the results of operations for the six months ended January 31, 1992 reflect the lack of marketing efforts. The Company is unveiling a new ad campaign in May 1992 which management believes, together with an anticipated historical seasonal increase in sales during the last two quarters of the fiscal year and favorable consumer response during the January to March, 1992 boat show season, will improve its results of operations during the balance of the 1992 fiscal year.

Liquidity and Capital Resources

The Company continues to experience a significant working capital deficit which adversely effects its operations; however, for the six months ended January 31, 1992 the Company's working capital deficit improved by $164,773 primarily as a result of infusion of cash through short-term borrowings. During the six months ended January 31, 1992 notes payable have increased approximately 36% partially as a result of recording annual payments due on the Company's property and casualty insurance which renews each January as well as an increase in the amount outstanding under Supra's revolving credit facility used to finance inventory. This increase in inventory of approximately 25.3% during the six months ended January 31, 1992 is the result of the historical seasonal increase in inventory in anticipation of increased sales during the spring and summer months. Even though as discussed above the Company has decreased production in response to the weak economy, the Company still must increase inventory slightly or it will be unable to meet seasonal demands. The Company expended a significant amount of its available working capital to reduce trade accounts receivable. Additionally, because of the working capital shortage numerous of the Company's trade vendors no longer extend terms to the Company. The Company, accordingly, is forced to pay for much of its raw material when delivered which further aggravates the working capital shortage.

The Company generated $575,631 of cash from bridge loans, its credit line and other long term debt during the six months ended January 31, 1992. The Company's present credit line which is used primarily to finance inventory is drawn down to the maximum available at all times. Other than such credit line, cash from operations and the pending public offering of Aspen Wind's securities, the Company has no additional sources of cash resources.

Management believes the Company's liquidity will improve during the third quarter based upon the consummation of the pending public offering of Aspen Wind's securities. See Item 5. Other Information.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

As reported in a Report on Form 8-K filed by the Company on January 22, 1992, Aspen Wind, Inc. ("Aspen Wind") purchased approximately 82% of the voting securities of the Company. The transaction involved a small group of the Company's shareholders who received 3,927,854 shares of Aspen Wind's common stock and will receive 3,927,854 shares of Series A voting convertible preferred stock when authorized. George Fowler, the Company's Chairman and President will receive 3,000,000 shares of Series B voting convertible stock when authorized in exchange for 2,000,000 shares of the Company's preferred stock. Pursuant to the transaction, the Company became a majority-owned subsidiary of Aspen Wind, but the Company's shareholders control a majority of the voting securities of Aspen Wind issued and outstanding. Aspen Wind expects to hold a special meeting of its shareholders on March 27, 1992 for the purpose of voting on an amendment to its articles of incorporation which, among other items, creates the Series A and B preferred stock to be issued to the Company's shareholders. The transaction has closed into escrow pending effectiveness of a public offering of the combined companies being underwritten on a firm commitment basis as previously announced. The Form S-1 registration statement covering the offering was filed with the Securities and Exchange Commission on February 26, 1992.

On January 22, 1992, George D. Fowler, Chairman of the Board of Directors and President of the Company was elected to the Board of Directors of Aspen Wind. Following the effectiveness of the pending public offering discussed above, Mr. Fowler will become Chairman of the Board, President and Chief Executive Officer of Aspen Wind.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits required by Item 601 of Regulation S-K

None.

(b) Reports on Form 8-K

On January 22, 1992 the Company filed a Report 8-K reporting under Item 5 the closing of the transaction with Aspen Wind. No financial statements were included in such report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant had duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Marine Sports, Inc.

Date: March 19, 1992

By: George D Fowler

George D. Fowler,
President

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992

Commission File Number 0-9998

THE METAL ARTS COMPANY, INC.
(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of incorporation or organization)

06-0945588
(IRS Employer Identification No.)

1 American Center, Geneva, New York
(Address of principal executive offices)

14456-1188
(Zip Code)

Registrants' telephone number, including area code (315) 789-8000

1600 North Clinton Avenue, Rochester, New York 14621
(Former name or former address, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No __

The number of shares of common stock, $.01 par value, outstanding at March 31, 1992 was 6,123,102.

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THE METAL ARTS COMPANY, INC.

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PART I FINANCIAL INFORMATION

THE METAL ARTS COMPANY, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(UNAUDITED)

ASSETS

	3/31/92	6/30/91
Current Assets:		
Cash	$ 12,819	$ 22,910
Trade accounts receivalbe - net	566,165	528,749
Inventory	140,808	140,808
Prepaid expenses and deferred charges	14,014	28,795
	$ 733,806	$ 721,262
Property, Plant and Equipment	$1,207,753	$1,003,054
Less: Accumulated depreciation	(657,944)	(596,444)
	$ 549,809	$ 406,610
Other Assets:		
Deposits	$ 3,778	$ -
Loan fees	484	-
Goodwill - net	309,696	317,646
	313,958	317,646
	$1,597,573	$1,445,518

THE METAL ARTS COMPANY, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(UNAUDITED)

(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)

	3/31/92	6/30/91
Current Liabilities:		
Current Portion of liabilities payable under plan of reorganization	$ 227,763	$ 249,186
Current portion of long-term debt	49,900	87,343
Accounts payable - trade	471,262	426,206
Accounts payable - officer	3,000	19,334
Accrued expenses	423,134	358,281
Payroll expenses and related taxes	117,952	150,700
Other	96,682	92,183
	$ 1,389,693	$ 1,383,233
Long-term Liabilities:		
Liabilities payable under plan of reorganization	$ 341,645	$ 370,403
Long-term debt, net of current portion	222,481	79,160
Advance from Sunshine Mining Co.	250,000	250,000
Deferred taxes	6,000	6,000
	$ 820,126	$ 705,563
Minority interest in subsidiary	$ 61,098	$ 51,724
Stockholders' equity (deficiency):		
Common stock - $.01 par value, 15,0000,000 shares authorized, issued and outstanding: 6,123,102 and 6,098,102 at March 31, 1992 and June 30, 1991, respectively	$ 66,231	$ 65,981
Paid-in capital in excess of par value	2,286,402	2,276,651
Accumulated deficit	(3,000,977)	(3,012,634)
	(648,344)	(670,002)
Less: Treasury stock	(25,000)	(25,000)
	(673,344)	(695,002)
	$ 1,597,573	$ 1,445,518

THE METAL ARTS COMPANY, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	1992	1991	1992	1991
Net Sales	$ 861,813	$ 712,404	$2,312,938	$2,258,687
Cost of goods sold	598,653	566,758	1,703,656	1,736,842
Gross Margin	263,160	145,646	609,282	521,845
Selling, general and administrative expense	186,713	208,344	519,305	638,458
Operating income (loss)	76,447	(62,698)	89,977	(116,613)
Other (income) expense	(6,809)	(16,080)	(19,944)	(30,683)
Interest expense	13,195	42,700	39,789	127,031
Minority interest in income of subsidiary	2,744	18,689	9,374	28,993
Nonrecurring move expense	-	-	49,103	-
	9,130	45,309	78,322	125,341
Net income (loss) for the period	$ 67,317	$ (108,007)	$ 11,655	$ (241,954)
Weighted average number of common shares outstanding	6,123,102	6,598,102	6,123,102	6,598,102
Earnings (loss) per share of common stock	$ .01	$ (.02)	$ .00	$ (.04)

THE METAL ARTS COMPANY, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOW

(UNAUDITED)

	Nine Months Ended March 31, 1992	1991
Cash flows from operating activities:		
Net income (loss) for the period	$ 11,655	$(241,954)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	69,450	55,368
Amortization of imputed interest	-	29,250
Minority interest in income of subsidiary	9,374	28,993
Change in operating accounts:		
Accounts receivable and inventory	(37,416)	167,739
Prepaid expenses and other	10,519	(100)
Accounts payable	28,722	86,368
Accrued expenses	64,853	136,820
Payroll and other	(28,249)	(48,599)
	$ 128,908	$ 213,877
Cash flows from investing activities:		
Capital expenditures	(204,699)	(106,800)
Cash flows from financing activities:		
Issuance of capital stock	10,000	-
Payment of liabilities under plan of reorganization	(50,181)	(112,707)
Payments on long-term debt	(71,019)	(9,192)
Proceeds from long-term debt	176,900	21,808
	$ 65,700	$(100,091)
Net increase (decrease) in cash	(10,091)	6,986
Cash at beginning of period	22,910	31,816
Cash at end of period	$ 12,819	$ 38,802
Supplemental cash flow information:		
Cash paid for interest expense	$ 9,789	$ 24,048

$10,000 of legal fees were paid by the issuance of 25,000 shares of Metal Arts common stock.

THE METAL ARTS COMPANY, INC.

Notes to Consolidated Condensed Financial Statements

1. These statements should be read in conjunction with the audited financial statements and the notes thereto and with Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's Form 10-K for the fiscal year ended June 30, 1991. In the opinion of management, the accompanying consolidated condensed financial statements contain all adjustments of a normal recurring nature necessary for the fair presentation of the Company's financial position as of March 31, 1992 and June 30, 1991 and the results of operations for the three and nine months ended March 31, 1992 and 1991 and its cash flows for the nine months ended March 31, 1992 and 1991.

2. The results of operations for the three and nine months ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

3. Inventory consisted of the following:

	March 31, 1992	June, 30, 1991
Finished goods and work-in-process	$107,227	$107,227
Raw materials	33,581	33,581
	$140,808	$140,808

4. Earnings (loss per share of common stock is computed on the weighted average number of shares outstanding during the three and nine months ended March 31, 1992 and 1991. The weighted average number of shares outstanding at the end of each period is determined by totaling the number of shares outstanding at the end of each month in the period and dividing that sum by the number of months in the period.

THE METAL ARTS COMPANY, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

During the fiscal year ended June 30, 1991 the liquidity position worsened from operating losses in Bastian Company and benefited from profits of Bastian Plating Company's operations. In the nine months ended March 31, 1992 the liquidity position improved due to reduced operating costs and increased operating margins. An aggressive sales effort is under way to set up Advertising Specialty Distributors nationally in order to increase sales of emblematic jewelry and related products. It is management's belief that the operations of the company as set forth in the following paragraphs will provide sufficient cash flow for the company to continue in existence. A Disclosure Statement and Plan of Reorganization for Bastian was filed on January 12, 1988, with the U.S. Bankruptcy Court for the Western District of New York (File No. 83-21071), which Plan was confirmed by the Bankruptcy Court on May 16, 1988, and became effective on July 1, 1988.

Since July 1, 1988, Bastian has ceased to operate under Chapter XI of the Federal Bankruptcy Code and since that time has operated pursuant to the Court approved Plan of Reorganization. For the twelve months ended June 30, 1991, the company operated unprofitably. Bastian Company has a backlog of approximately $1,200,000 and current receivables under 90 days amount to approximately $375,000. Bastian Plating has current receivables under 90 days of $195,000. The company's combined sales decreased from $3,900,000 in the fiscal year ended June 30, 1990, to $3,100,000 a decrease of approximately 20 percent in the fiscal year ended June 30, 1991. This decrease was attributable primarily to a decrease in Bastian Company's sales due to the recession and were partly offset by a 30 percent increase in Bastian Plating Sales.

Bastian Plating, which commenced operations in April, 1989 is expanding at the rate of over 10 percent per year and is operating profitably.

At the present time, the company lacks sufficient funds to meet its current obligations. Management is investigating a variety of sources of financing its ongoing operations and future plans.

As of approximately May 25, 1988, Metal Arts commenced to offer by means of a private placement (the "1988 Private Placement") of certain units of its securities. A maximum of 35 Units and a minimum of 25 Units were offered (the "Offering"). Each unit, which cost $1,500 consisted of 23,000 common shares, par value $.01 per share, at a price of $.50 per share, together with 23,000 non-attached warrants which entitle the holder to purchase 23,000 additional common shares, exercisable for two year, at $.60 per share. If all 35 Units were sold, the aggregate Offering would achieve a maximum Offering price of $402,500 before possible underwriting commission and anticipated expenses of the Offering. As of November 30, 1988, 25 Units had been subscribed for and the issuance of the securities was completed in early December, 1988 to approximately 20 subscribers. The net proceeds of the Offering, approximately $250,000 were used to purchase certain machinery and equipment for use in Bastian Plating (See Item 1, "Business - New Subsidiary"), and for working capital for all of Metal Arts, Bastian and Bastian Plating. The net proceeds of the Offering increased the liquidity of the company materially. Except for the proposed purchases of machinery and equipment and the establishment of the new subsidiary, there are no currently identified commitments for capital resources. The exercise period has been extended, for the second time, to November 30, 1992.

As part of the relocation of Bastian Company's manufacturing and administrative operations to Geneva, New York the Company received a commitment from the City of Geneva and County of Ontario, New York for a $250,000 term loan at 5% and 6% interest rates, payable over 5 and 6 years. $200,000 of this total has been drawn down to facilitate the move, acquire and upgrade equipment, facility improvements and construction and working capital.

THE METAL ARTS COMPANY, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

The following table illustrates the major components of consolidated net sales and net income (loss):

	Nine Months Ended March 31, 1992	Nine Months Ended March 31, 1991
Consolidated Net Sales		
Ocean State Enameling	$ 11,000	$ -
Bastian Plating	702,000	667,000
Bastian	1,600,000	1,592,000
	$2,313,000	$2,259,000
Consolidated Net Income (Loss)		
Metal Arts	$ (18,500)	$ (39,000)
Ocean State Enameling	(219,000)	-
Bastian Plating	31,000	68,000
Bastian	218,000	(271,000)
	$ 11,500	$ (242,000)

The Metal Arts Company, Inc.

The net sales for the company for the nine (9) months ended March 31, 1992 were $10,000 compared with -0- in the previous year. The company showed a loss of $18,500 versus $39,000 in the previous year.

Ocean State Enameling, Inc.

The net sales for the company for the nine (9) months ended March 31, 1992 were $11,000 compared with -0- in the previous year. The company showed a loss of $219,000 versus -0- in the previous year.

The Bastian Company, Inc.

Bastian's sales for the nine (9) months ended March 31, 1992 were $1,600,000 as compared with $1,592,000 in the previous year. The company showed a profit of $69,000 as compared with a loss of $132,000 in the previous year.

The Bastian Plating Company, Inc.

Bastian plating's sales for the nine (9) months ended March 31, 1992 were $702,000 as compared with $667,000 in the previous year. The company showed a net profit of $31,000 as compared with $68,000 in the previous year.

Part II - Other Information:

Item 6 - Exhibits and Reports on Form 8-K

A. Exhibits - None

B. Reports on Form 8-K - None

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE METAL ARTS COMPANY, INC.

Date: 5/13/92

Stanley J. Dahle
President

Date: 5-13-92

Albert A. Cauwels
Treasurer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended March 31, 1992

Commission File No. 0-14908

TGC INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of incorporation or organization)

74-2095844
(I.R.S. Employer Identification Number)

1304 Summit Avenue, Suite 2
Plano, Texas
(Address of principal executive offices)

75074
(Zip Code)

Registrant's telephone number, including area code: 214/881-1099

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the registrant's classes of stock, as of the latest practicable date.

Class	Outstanding at April 22, 1992
Common Stock ($.10 Par Value)	434,902 shares

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

TGC INDUSTRIES, INC.

BALANCE SHEETS

	March 31, 1992 (Unaudited)	December 31, 1991 (Note)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 594,350	$ 736,568
Accounts receivable, net	363,016	332,642
Prepaid expenses and other	56,332	64,811
TOTAL CURRENT ASSETS	1,013,698	1,134,021
EQUIPMENT -- on the basis of cost		
Equipment	2,293,573	2,267,160
Allowances for depreciation	(1,664,107)	(1,582,116)
	629,466	685,044
OTHER ASSETS	51,338	51,338
	$1,694,502	$1,870,403

BALANCE SHEETS -- CONTINUED

	March 31, 1992 (Unaudited)	December 31, 1991 (Note)
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	$ 181,557	$ 121,640
Accrued liabilities	280,747	261,791
Current maturities of long-term obligations	152,703	152,703
Income taxes payable	---	---
TOTAL CURRENT LIABILITIES	615,007	536,134
LONG-TERM OBLIGATIONS	372,438	405,135
STOCKHOLDERS' EQUITY		
Preferred stock, $1 par value; authorized 4,000,000 shares; none issued	---	---
Common stock, $.10 par value; authorized 25,000,000 shares; issued and outstanding 434,902 shares	43,491	43,491
Additional paid-in capital	564,385	564,385
Retained earnings	99,181	321,258
	707,057	929,134
	$1,694,502	$1,870,403

Note: The balance sheet at December 31, 1991 has been derived from the audited financial statements at that date.

See notes to condensed financial statements.

TGC INDUSTRIES, INC.
CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
REVENUE	$ 563,982	$1,337,373
COSTS AND EXPENSES		
Cost of sales	589,485	1,113,981
Selling, general and administrative	182,168	186,014
Interest	14,406	12,649
	$ 786,059	$1,312,644
INCOME (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	$ (222,077)	$ 24,729
Provision for income taxes	---	8,408
INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS	(222,077)	16,321
Extraordinary item -- benefit from utilization of income tax loss carryforward	---	8,408
NET INCOME (LOSS)	$ (222,077)	$ 24,729
Earnings (loss) per common share: (Note D)		
Primary:		
Income (loss) before extraordinary item	$ (.51)	$ .04
Extraordinary item	---	.02
Net income (loss)	$ (.51)	$ .06
Fully diluted:		
Income (loss) before extraordinary item	$ (.51)	$ .03
Extraordinary item	---	.01
Net income (loss)	$ (.51)	$ .04
Weighted average number of shares used in computing earnings (loss) per share:		
Primary	434,902	429,895
Fully diluted	434,902	783,222

See notes to condensed financial statements.

TGC INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) before extraordinary items	$ (222,077)	$ 16,321
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Extraordinary item - benefit from utilization of income tax loss carryforward	---	8,408
Depreciation and amortization	81,991	84,799
Gain on disposal of equipment	---	(14,633)
(Increase) decrease in current assets:		
Short-term investments	---	75,000
Accounts/notes receivable	(30,374)	511,816
Prepaid expenses and other	8,479	62,956
Increase (decrease) in current liabilities:		
Trade accounts payable	59,917	(186,089)
Accrued liabilities	18,956	170,811
Income taxes payable	---	---
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(83,108)	729,389
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to equipment	(26,413)	(75,956)
Proceeds from disposal of equipment	---	15,248
Increase in other assets	---	(47,782)
NET CASH USED IN INVESTING ACTIVITIES	(26,413)	(108,490)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments of debt obligations	(32,697)	(15,747)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(32,697)	(15,747)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(142,218)	605,152
Cash and cash equivalents at beginning of period	736,568	71,849
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 594,350	$ 677,001

See notes to condensed financial statements.

NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

NOTE A -- CAPITALIZATION

Capital Restructuring and Organization: At December 31, 1985, TGC Industries, Inc., formerly Tidelands Geophysical Company, Inc. (the "Company"), was a wholly-owned subsidiary of ESI Industries, Inc. (the "Former Parent Company"). Effective July 31, 1986, the Company was spun-off to the existing shareholders of the Former Parent Company. In connection with the spin-off, the Board of Directors approved a recapitalization of the Company. Under the recapitalization, the Company's authorized capital was changed from 1,000,000 shares of $.10 par value common stock to 25,000,000 shares of $.10 par value common stock and 4,000,000 shares of preferred stock with a par value of $1 per share. No preferred shares have been issued.

NOTE B -- BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles.

NOTE C -- MANAGEMENT REPRESENTATION

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position, results of operations, and changes in financial position have been included. The results of the interim periods are not necessarily indicative of results to be expected for the entire year. For further information refer to the financial statements and the footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

NOTE D -- EARNINGS (LOSS) PER SHARE

The loss per share for the three months ended March 31, 1992 was calculated by dividing the net loss for the period by 434,902 shares of common stock that were issued and outstanding for the entire period. The common stock equivalents and Debentures mentioned below are not considered in the computation of primary and fully diluted loss per share for the quarter ended March 31, 1992 as they are anti-dilutive.

The following items were considered in the computation of earnings per share for the three months ended March 31, 1991. 394,203 shares of common stock were issued and outstanding for the entire period. 66,699 shares granted under the Company's stock option plan were exercisable at the beginning of the quarter, and under the Treasury stock method 35,692 additional shares were considered in the computation of primary and fully-diluted earnings per share.

The 9% Convertible Subordinated Debentures issued in 1987 were determined not to be common stock equivalents at the time of issuance, and accordingly, do not enter into the computation of primary earnings per share. For fully diluted earnings per share, the Debentures are assumed to have been converted at the beginning of the period and under the if-converted method 353,327 additional shares should be added in determining the weighted average shares during the period. Conversion of the Debentures also would have resulted in interest savings of $5,963 for the three months ended March 31, 1991. The interest savings has been added back to net income for purposes of computing fully diluted earnings per share. The tax effect of this interest savings is zero due to the Company's net operating loss carryforward.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

OPERATING RESULTS

Revenues were $563,982 for the first quarter ended March 31, 1992 compared to revenues of $1,337,373 for the same period of the prior year. Net loss was $222,077 for the first quarter of 1992 as compared to net income of $24,729 for the first quarter of 1991.

The 58% decrease in revenues in the first quarter 1992 when compared to the first quarter of the prior year can be attributed to the drastic downturn in domestic geophysical activity that began in late 1991. The fourth quarter 1991 losses caused by this downturn continued into 1992 as both the Company's gravity Data Bank and seismic operations reported reduced revenues and substantial losses for the first quarter.

The U.S. geophysical industry is currently operating at its lowest level in decades. Low natural gas prices, high taxes, and environmental problems have made exploration and production in the U.S. unattractive for many energy companies. The focus of most oil and gas producers continues to shift overseas where finding costs can be lower and there is a much greater potential for discovering large reserves. The domestic seismic crew count decreased 29% from the already depressed levels of March 1991 resulting in extreme price competition and very low profit margins on available seismic program.

In spite of these industry conditions, the Company's business plan will be to remain solely a domestic geophysical contractor. The Company's limited capital base and the difficulty in obtaining outside financing prohibit TGC from moving into the international exploration market with its high working capital requirements.

The Company will continue to minimize expenses and further develop its three-dimensional ("3-D") recording capabilities. As domestic exploration focuses on more-precisely defined areas demand should increase for 3-D surveys. The greater precision and improved subsurface resolution obtainable from 3-D seismic data have enabled energy companies in the U.S. to better evaluate important subsurface features. Demand for this technology should help TGC maintain market share; however, the Company anticipates that substantial losses will continue until domestic conditions improve.

FINANCIAL CONDITION

Cash of $83,108 was used in operating activities for the three months ended March 31, 1992 compared with cash provided by operating activities of $729,389 in the same period of the prior year. The decrease in funds generated is attributable to the net loss in the first quarter of 1992 and reduced collections of accounts receivable that were a result of the lower revenues mentioned previously. Cash used in investing activities was additions to capital equipment and cash used in financing activities was payments of debt obligations.

Working capital decreased $199,196 to $398,691 from the December 31, 1991 balance of $597,887. The ratio of current assets to current liabilities was 1.6 to 1 at March 31, 1992 as compared to 2.1 to 1 at December 31, 1991.

Stockholders' equity decreased $222,077 from the December 31, 1991 balance of $929,134. The decrease was attributable to the net loss of $222,077 for the three months ended March 31, 1992.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

a) Exhibits -- None.

b) Reports -- No reports on Form 8-K have been filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TGC INDUSTRIES, INC.

Date: May 11, 1992

By____________________
Robert J. Campbell,
Chief Executive Officer

Date: May 11, 1992

By Doug Kirkpatrick
Doug Kirkpatrick,
Treasurer and Principal
Accounting Officer

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Exhibit Index is on Sequential Page 12.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1992

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

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Commission file Number 1-4001

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PROCESSED BY

UNION CAMP CORPORATION
(Exact name of Registrant as specified in its charter)

AUG 13 1992

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VIRGINIA
(State or other jurisdiction of incorporation or organization)

[illegible]
(I.R.S. Employer Identification No.)

1600 VALLEY ROAD, WAYNE, NEW JERSEY
(Address of principal executive offices)

07470
(Zip Code)

(201) 628-2000
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____

69,621,662 shares of Registrant's Common Stock, Par Value $1 Per Share, were outstanding as of the close of business on June 30, 1992.

UNION CAMP CORPORATION

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*A summary of the Registrant's significant accounting policies is contained in the Registrant's Form 10-K for the year ended December 31, 1991 which has previously been filed with the Commission.

PART I. FINANCIAL INFORMATION

Item I. Financial Statements.

UNION CAMP CORPORATION
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
($ in thousands, except per share)

	QUARTER ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1992	1991	1992	1991
Net Sales	$ 778,790	$ 730,689	$ 1,539,740	$ 1,452,818
Costs and other charges:				
Cost of products sold	578,859	546,952	1,141,583	1,072,889
Selling and administrative expenses	76,279	72,178	151,268	145,045
Depreciation and cost of timber harvested	57,698	49,070	117,148	95,631
Special charge	–	–	57,000	–
Income from operations	65,954	62,489	72,741	139,253
Gross interest expense	38,323	36,552	75,293	72,061
Less capitalized interest	(3,753)	(21,914)	(6,981)	(45,541)
Other (income) – net	(4,153)	(579)	(6,814)	(1,714)
Income before taxes and accounting changes	35,537	48,430	11,243	114,447
Income taxes:				
Current	2,994	10,681	5,428	30,970
Deferred	9,814	7,876	(1,542)	12,365
Total income taxes	12,808	18,557	3,886	43,336
Income before accounting changes	22,729	29,873	7,357	71,112
Cumulative effect of change in accounting standards (net of tax)	–	–	40,806	–
Net Income	$ 22,729	$ 29,873	$ 48,163	$ 71,112
Net income per share:				
Before change in accounting standards	$0.32	$0.43	$0.11	$1.03
After change in accounting standards	$0.32	$0.43	$0.69	$1.03
Dividends per share	$0.39	$0.39	$0.78	$0.78

Earnings per share are computed on the basis of the average number of common shares outstanding:

	1992	1991
Quarter Ended June 30,	69,610,399	69,325,219
Six Months Ended June 30,	69,577,599	69,142,659

See also the accompanying notes to consolidated financial statements.

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UNION CAMP CORPORATION
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
($ in thousands)

	JUNE 30, 1992	DECEMBER 31, 1991
ASSETS		
Cash and cash equivalents	$ 179,913	$ 60,930
Receivables–net	397,238	353,030
Inventories at lower of cost or market:		
Finished goods	242,842	230,301
Raw materials	90,873	86,789
Supplies	129,752	128,398
Total inventories	463,467	445,488
Assets held for resale	14,466	13,707
Other	48,651	36,835
Total current assets	1,103,735	909,990
Plant and equipment, at cost	5,638,221	5,567,964
Less: accumulated depreciation	2,250,796	2,146,338
	3,387,425	3,421,626
Timberlands, less cost of timber harvested	235,615	233,238
Total property	3,623,040	3,654,864
Intangible pension asset	13,070	13,070
Other assets	123,497	119,790
Total Assets	$ 4,863,342	$ 4,697,714
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	$ 832,849	$ 764,916
Long–term debt	1,433,466	1,348,157
Deferred income taxes	492,553	627,120
Other long–term liabilities	167,738	21,265
Stockholders' equity (Shares outstanding 1992: 69,621,662; 1991: 69,461,222)	1,936,736	1,936,256
Total Liabilities and Stockholders' Equity	$ 4,863,342	$ 4,697,714

See also the accompanying notes to consolidated financial statements.

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UNION CAMP CORPORATION
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
($ in thousands)

	SIX MONTHS ENDED JUNE 30, 1992	SIX MONTHS ENDED JUNE 30, 1991
Cash Provided by Operations:		
Net income	$ 48,163	$ 71,112
Adjustments to reconcile net income to cash provided by operations:		
Depreciation, amortization, and cost of company timber harvested	123,998	100,596
Deferred income taxes	(1,542)	12,365
Cumulative effect of changes in accounting standards	(40,806)	–
Special charge adjustment	57,000	–
Other	(4,411)	(1,493)
Changes in operational assets and liabilities:		
Receivables	(38,990)	(43,229)
Inventories	(4,546)	(6,551)
Other assets	(11,561)	6,520
Accounts payable, taxes and other liabilities	(44,025)	(16,788)
Cash (Used For) Provided by Operations	83,280	122,532
Cash (Used For) Provided By Investment Activities:		
Capital expenditures	(92,031)	(291,243)
Payments for acquired businesses	(11,862)	(19,698)
Other	3,244	4,092
	(100,649)	(306,849)
Cash (Used For) Provided By Financing Activities:		
Change in short–term notes payable	103,062	104,323
Proceeds from issuance of long–term debt	99,000	136,855
Dividends paid	(54,276)	(54,064)
Repayments of long–term debt	(11,799)	(18,376)
	135,987	168,738
Effect of exchange rate changes on cash	365	(962)
Increase (decrease) in cash and cash equivalents	118,983	(16,541)
Balance at beginning of year	60,930	51,752
Balance at end of period	$ 179,913	$ 35,211
Supplemental cash flow information:		
Cash paid during the period for:		
Interest (net of amount capitalized)	$64,942	$18,715
Income taxes	$16,355	$29,015

See also the accompanying notes to consolidated financial statements.

UNION CAMP CORPORATION
AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. The information furnished in this report is unaudited but includes all adjustments which, in the opinion of management, are necessary for a fair presentation of results for the interim periods reported. The adjustments made were of a normal recurring nature, except as described in Notes 2, 3, and 4 with respect to the adoption of new accounting standards and the recording of a special reserve for workplace safety, respectively.

Note 2. Effective January 1, 1992, the company adopted the provisions of SFAS No. 106 "Employers' Accounting for Postretirement Benefits Other than Pensions". The implementation of this new standard results in a change in the company's method of accounting for postretirement health care benefits from the "pay-as-you-go" basis to the accrual basis.

The company has a contributory postretirement health care plan primarily covering its U.S. salaried employees. Employees become eligible for these benefits if they meet minimum age and service requirements.

The accumulated postretirement benefit obligation (APBO) as of January 1, 1992 was $93.6 million. This obligation, included within "Other Long-Term Liabilities", was recorded in the first quarter of 1992 on a cumulative basis as a charge against income. The details of the APBO are as follows:

Accumulated Postretirement Benefit Obligation	January 1, 1992 (Thousands)
Retirees	$56,972
Active Employees	36,655
Total Accumulated Postretirement Benefit Obligation	$93,627

The components of net periodic postretirement expense for the first six months are as follows:

Net Periodic Expense	Six Months Ended June 30, 1992 (Thousands)
Service cost-benefits earned during period	$1,371
Interest cost on accumulated benefit obligation	3,640
Net Expense	$5,011

A discount rate of 8% was used in determining the accumulated postretirement benefit obligation, as well as the interest cost component of the 1992 net periodic expense.

For the year 1992, a 13% increase in the medical cost trend rate was assumed. This rate decreases incrementally to 5.5% after twelve years and will remain at that level thereafter. This assumption has a significant effect on annual expense, as it is estimated that a 1% increase in the medical trend rate would increase the accumulated postretirement benefit obligation by $11.4 million and increase the net periodic expense by $1.5 million.

Note 3. Effective January 1, 1992, the company adopted the provisions of SFAS No. 109 "Accounting for Income Taxes". The implementation of this new standard reduced the deferred tax liability by $99.3 million and increased net income in the first quarter of 1992 by a corresponding amount. Under the new standard, the deferred tax liability reflects taxes payable in the future at current statutory tax rates. The principal component of the company's deferred tax liability continues to be depreciation. No significant change in the company's effective tax rate is expected as a result of this new accounting standard.

Note 4. Income from operations in the first quarter of 1992 included a $57 million charge to establish a reserve relating to future expenditures to enhance workplace safety. The reserve was the result of a company-wide safety self-assessment program. This effort identified expenditures to be made over the next three years to meet heightened workplace safety requirements.

Note 5. Included in "Current Liabilities" is $453 million and $360 million of Commercial Paper (net of discount) at June 30, 1992 and year-end 1991, respectively.

Note 6. Included in "Long-Term Debt" for year-end 1991 is $90 million of commercial paper intended to be refinanced on a long-term basis, which was subsequently refinanced during the second quarter of 1992.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net income for the second quarter of 1992 was $22.7 million or $.32 per share, a decrease of 26% from the second quarter of last year. The decline was primarily attributable to substantially higher interest expense, offset partially by a 6% increase in income from operations. First half 1992 net income was $.69 per share, 33% below the first six months of 1991. Included in 1992 year-to-date results were the effects of adopting two new accounting standards, SFAS 106 and 109, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and "Accounting for Income Taxes", respectively, and the establishment of a reserve to cover future expenditures to meet heightened workplace safety requirements. These adjustments were recorded in the first quarter of 1992, which had the effect of increasing net income by $.06 per share.

Demand for the company's paper products remained strong in the second quarter of 1992. Net sales were $779 million compared to $731 million in the second quarter last year. Paper products shipments were 810,000 tons, 12% above 1991's second quarter. This increase reflects expanded production capacity. Product pricing improved slightly in the second quarter. Weakness in U.S. economic activity and the lingering effects of expanded industry capacity continue to be reflected in selling prices. First half 1992 net sales were $1,539.7 million, 6% ahead of the same period of a year ago.

Income from operations was $66 million in the second quarter of 1992 compared to $62.5 million in the same quarter a year ago. First half 1992 income from operations was $72.7 million, a decline from the $139.3 million reported for the comparable period of last year. This decline is largely the result of the $57 million pre-tax special charge made to establish the reserve for workplace safety expenditures.

Operating income for the Paper and Paperboard Segment in the second quarter was $51.4 million, an increase of 6% above the comparable quarter last year. This is attributable to Kraft Paper and Board operations which benefitted from a 7% increase in linerboard volume, primarily a result of the new mill capacity at Savannah, and selling prices which averaged 3% above the second quarter of last year. Fine Paper operating profit in the second quarter was below the comparable quarter of 1991, primarily the result of operating disruptions. Uncoated business paper selling prices improved in the second quarter and averaged about 1% above the quarter of a year ago.

Packaging Segment operating income in the second quarter of 1992 was $10.4 million, up almost $4 million from the same quarter last year. Corrugated container operations contributed significantly to this earnings improvement, with selling prices and volume 2% ahead of the second quarter of 1991. Earnings in the bag businesses were also strong, with multiwall bag operations the principal area of strength. Retail paper bag markets remain depressed. Folding Carton operations also contributed significantly to the improvement in segment operating results.

Depreciation expense increased 19% in the second quarter and 24% in the first half of 1992 compared with the prior year's comparable periods. This reflects the completion of two major projects in 1991: the Savannah mill modernization project was completed late in the first quarter; the major expansion at the Eastover mill was completed at mid-year.

Net interest expense increased $20 million in the second quarter of 1992 and $42 million in the first six months of 1992 above the comparable periods last year. These increases are almost entirely the result of a reduced amount of capitalized interest due to completion of the company's mill modernization and expansion program.

The change in the deferred portion of the provision for income taxes reflects primarily the timing of future expenditures associated with the special charge for workplace safety.

Net working capital, the excess of current assets over current liabilities, was $271 million at June 30, 1992 compared to $145 million at year-end 1991. Cash flow from operations during the first six months of 1992 was $83 million, down from $123 million for the same period last year. Changes in working capital items, primarily a reduction in accounts payable, were primary factors in this decline.

The ratio of long-term debt to total capital employed was 37.1% at June 30, 1992. In the second quarter of 1992 the company sold $100 million of 8-1/2% 30 year debentures and $50 million of 7-3/8% 7 year notes. The proceeds will primarily be used to refinance existing long-term debt at lower interest rates. Later in the quarter, $39 million of 6-3/4% 30 year Solid Waste Disposal Facilities Revenue Bonds were sold, the proceeds of which were used to finance the Solid Waste Disposal Facilities, which are a part of the expansion of the company's Eastover, S.C. mill.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Previously the Registrant reported that a subsidiary of the Registrant was a defendant in consolidated actions of asbestos-related cases pending in Mississippi state court in which the plaintiffs, construction workers, allege they were injured as a result of exposure to asbestos-containing products while working in Mississippi. The Registrant's subsidiary was named in these cases because it allegedly was part of the chain of distribution of asbestos-containing products to facilities where the plaintiffs worked. The subsidiary did not manufacture asbestos or asbestos-containing products. During the second quarter of 1992, this subsidiary was named as a defendant in additional, similar consolidated actions so that it is a defendant in excess of ten thousand such cases. There are approximately eighty defendants in each of these cases. An estimate of potential liability cannot be made at this time; however, the Registrant does not believe that these pending legal proceedings are material to it.

Item 6. Exhibits and Reports on Form 8-K.

a) Exhibits.

No.	Description
11	Statement re computation of per share earnings.

b) Reports on Form 8-K.

No current Report on Form 8-K was filed by the Registrant during the second quarter of 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNION CAMP CORPORATION
(Registrant)

Date: AUGUST 12, 1992

DIRK R. SOUTENDIJK
VICE PRESIDENT, GENERAL COUNSEL
AND SECRETARY

Date: AUGUST 12, 1992

Robert E. Moore
ROBERT E. MOORE
VICE PRESIDENT AND COMPTROLLER
(Chief Accounting Officer)

EXHIBIT INDEX

NO.	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
11	Statement re computation of per share earnings.	13

EXHIBIT 11

COMPUTATION OF PER SHARE EARNINGS

	Quarter Ended June 30,		Six Months Ended June 30,	
	1992	1991	1992	1991
Net Income ($000)	$22,729	$29,873	$48,163	$71,112
Weighted Average Common Shares Outstanding	69,610,399	69,325,219	69,577,599	69,142,659
Earnings Per Share	$0.32	$0.43	$0.69	$1.03
Weighted Average Common Shares Outstanding Including Common Stock Equivalents – Primary Basis	70,181,174	69,822,070	70,165,281	69,557,084
Primary Earnings Per Share	$0.32	$0.43	$0.69	$1.02
Weighted Average Common Shares Outstanding Including Common Stock Equivalents – Fully Diluted Basis	70,181,174	69,833,287	70,165,281	69,650,727
Fully Diluted Earnings Per Share	$0.32	$0.43	$0.69	$1.02

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES ACT OF 1934

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES ACT OF 1934

For the Quarter Ended March 28, 1992 Commission File Number 0-5971

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WOODHEAD INDUSTRIES, INC.

DELAWARE
(State or other jurisdiction of incorporation or organization)

36-1982580
(I.R.S. Employer Identification Number)

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3411 WOODHEAD DRIVE NORTHBROOK, ILLINOIS 60062
(Address of principal executive offices) (Zip Code)

Registrant's telephone number including area code (708) 272-8181

NO CHANGE
(Former name, former address or former fiscal year, if changes since last reports)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No__

On May 1, 1992 there were 3,266,055 shares of the Registrant's common stock outstanding.

PART I. FINANCIAL INFORMATION

WOODHEAD INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
March 28, 1992 and September 28, 1991

ASSETS	(Amounts in thousands) Unaudited 3/28/92	9/28/91
CURRENT ASSETS		
Cash and short-term securities	$ 3,796	$ 2,549
Accounts receivable	9,947	8,636
Inventories (Note 3)	7,015	8,560
Prepaid expenses	3,941	3,285
Total current assets	$24,699	$23,030
OTHER ASSETS	$ 2,153	$ 2,354
PROPERTY, PLANT & EQUIPMENT, at cost	$42,652	$40,887
Less - Accumulated depreciation	(26,345)	(24,996)
Net property, plant and equipment	$16,307	$15,891
GOODWILL	$ 2,407	$ 2,434
TOTAL ASSETS	$45,566	$43,709

LIABILITIES & STOCKHOLDERS' INVESTMENT

	3/28/92	9/28/91
CURRENT LIABILITIES		
Accounts payable	$ 4,252	$ 3,798
Accrued expenses	7,320	6,288
Income taxes	851	1,501
Total current liabilities	$12,423	$11,587
DEFERRED INCOME TAXES	$ 1,909	$ 2,060
LONG-TERM DEBT	$ 500	$ 500
STOCKHOLDERS' INVESTMENT: (Note 5)		
Preferred stock	$ -	$ -
Common stock	3,735	3,735
Additional paid-in capital	5,240	5,339
Cumulative translation adjustment	216	338
Retained earnings	29,204	28,296
Less: Treasury stock at cost (471 shares and 500 shares)	(7,661)	(8,146)
Total stockholders' investment	$30,734	$29,562
TOTAL LIABILITIES & STOCKHOLDERS' INVESTMENT	$45,566	$43,709

See accompanying notes to condensed consolidated financial statements.

WOODHEAD INDUSTRIES, INC
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in thousands, unaudited)

	Three Months Ended		Six Months Ended	
	3/28/92	3/30/91	3/28/92	3/30/91
NET SALES	$20,173	$19,475	$38,429	$37,031
COST OF SALES	11,290	11,396	21,662	21,377
GROSS PROFIT	$ 8,883	$ 8,079	$16,767	$15,654
% of Net Sales	44.0%	41.5%	43.6%	42.3%
OPERATING EXPENSES	7,056	6,303	13,318	12,218
INCOME FROM OPERATIONS	$ 1,827	$ 1,776	$ 3,449	$ 3,436
OTHER EXPENSES, NET	100	1,352	160	1,523
INCOME BEFORE INCOME TAXES	$ 1,727	$ 424	$ 3,289	$ 1,913
PROVISION FOR INCOME TAXES	$ 667	$ 250	$ 1,279	$ 914
NET INCOME	$ 1,060	$ 174	$ 2,010	$ 999
NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE (Note 4)	$ 0.32	$ 0.05	$ 0.61	$ 0.31
COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING (Note 4)	3,334	3,198	3,311	3,196
DIVIDENDS PER SHARE	$ 0.17	$ 0.17	$ 0.34	$ 0.34

See accompanying notes to condensed consolidated financial statements.

WOODHEAD INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(Amounts in thousands - unaudited)

	Six Months Ended	
	3/28/92	3/30/91
Cash Flows from Operating Activities:		
Net income for the period	$ 2,010	$ 999
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	1,654	1,474
Change in Assets and Liabilities, net of effects from purchase of Advanced Interconnect, Inc.		
Decreases/(Increases)in		
Accounts receivable	(1,311)	480
Inventories	1,545	1,523
Prepaid expenses	(656)	264
Other assets	19	(141)
Increases/(Decreases)in:		
Accounts payable	454	(989)
Accrued expenses	1,032	704
Income taxes	(650)	(160)
Deferred income taxes	(151)	392
Net cash flows provided by operating activities	$ 3,946	$ 4,546
Cash Flows from Investing Activities:		
Purchases of property, plant & equipment	$(1,870)	$(1,846)
Acquisition of Advanced Interconnect, Inc.	-	(5,350)
Retirements or sales of property, plant and equipment	2	4
Net cash flows used for investing activities	$(1,868)	$(7,192)
Cash Flows from Financing Activities:		
Payments on short-term debt	$ -	$ (159)
Proceeds from long-term debt	-	12,325
Payments on long-term debt	-	(11,858)
Sales of stock	386	117
Dividend payments	(1,102)	(1,086)
Net cash flows used for financing activities	$ (716)	$ (661)
Effect of exchange rate changes on cash	$ (115)	$ (151)
Net (Decrease) Increase in Cash & short-term securities	$ 1,247	$(3,458)
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 20	$ 103
Income taxes	$ 2,275	$ 185

See accompanying notes to condensed consolidated financial statements.

WOODHEAD INDUSTRIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 28, 1992

(1) The condensed consolidated balance sheets as of March 28, 1992, and September 28, 1991, and the condensed consolidated statements of income and cash flow for the quarters ended March 28, 1992 and March 30, 1991, reflect, in the opinion of the company, all adjustments necessary to present fairly the financial position for such periods. All such adjustments were of a normal recurring nature except for the pretax charge relating to various litigation matters as noted in the Management's Discussion and Analysis section. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to S.E.C. rules and regulations, although the company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the company's latest annual report on Form 10-K.

(2) The results of operations for the quarters ended March 28, 1992, and March 30, 1991, are not necessarily indicative of the results to be expected for the full year.

(3) It is the company's policy to take an annual physical inventory in conjunction with the preparation of the annual consolidated financial statements. The estimated breakdown of raw material, work-in-process, and finished goods inventories as of March 28, 1992, and September 28, 1991, was as follows:

	(in thousands)	
	3/28/92	9/28/91
Raw materials	$ 5,311	$ 5,951
Work-in-process and finished goods	6,062	6,793
Inventories before LIFO reserve	11,373	12,744
Less: Reserve to reduce to LIFO	(4,358)	(4,184)
Inventories, net	$ 7,015	$ 8,560

(4) For the periods ending March 28, 1992, net earnings per share is based upon the average number of common and common equivalent shares outstanding during the period (3,334,000 and 3,311,000 for the quarter and for the six months ended March 28, 1992, respectively) in order to give effect to the possible dilution of common stock equivalents during the period. For the periods ending March 30, 1991, net earnings per share is based upon the weighted average number of common shares outstanding during the period (3,198,000 and 3,196,000 for the quarter and for the six months ended March 30, 1991, respectively).

(5) Authorized stock is 20,000,000 shares consisting of 10,000,000 shares of preferred stock, par value $1.00 per share, and 10,000,000 shares of common stock, par value $1.00 per share. No shares of preferred stock have been issued. Common shares outstanding as of March 28, 1992 and September 28, 1991 were 3,264,000 and 3,235,000, respectively. There were 471,000 Treasury shares March 28, 1992 and 500,000 shares September 28, 1991.

(6) In December, 1990, the Financial Accounting Standards Board issued a new statement on accounting for post retirement benefits other than pensions. This new standard requires that the expected cost of the benefits be charged to expense during the years in which the employees render services rather than recognizing these costs on a cash basis which is the Company's present policy. The Company is required to adopt the new accounting and disclosure rules no later than fiscal 1994, although earlier implementation is permitted. The Company may adopt the new standard prospectively by amortizing it over 20 years or via a cumulative catch-up adjustment.

The Company has not yet decided which method it will adopt. Based on the Company's current provisions and a preliminary review, the Company expects the cumulative catch-up adjustment to be in the range of $1,400,000 to $1,750,000 (pre-tax). On an on-going basis, if the cumulative catch-up adjustment is adopted, the annual incremental expense would be in the range of $160,000 to $200,000 (pre-tax) per year.

WOODHEAD INDUSTRIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

The level of working capital increased by $.8 million for the first six months of fiscal 1992 with a current ratio of 2.0/1, the same level recorded at the end of the prior fiscal year. Long-term debt was unchanged during the quarter and there was no short-term debt. The resultant debt to equity ratio remained minimal at 1.6%. Return on assets increased to 8.8% from 8.4% and return on equity improved to 13.0% from 12.2% for the comparable 12 month periods ending March 28, 1992 and March 30, 1991, respectively. The company's financial position remains strong and significant borrowing capacity is available should the need arise.

OPERATING RESULTS

Second quarter net sales of $20.2 million increased 4% from the $19.5 million recorded for the same period last year. This was the result of continued strength in domestic sales, especially in the Company's electrical products unit, and a rise in international demand during the quarter. The backlog of unfilled orders was $6.1 million compared with $5.9 million at fiscal 1991 year-end and $6.9 million reported one year ago. Selling prices were approximately 1% higher than a year ago.

Gross profit of $8.9 million was $.8 million or 10% higher compared with the same quarter of last year with gross profit margins improving to 44.0% from 41.5%. This margin gain was the result of favorable product mix from new product introductions, higher factory output, and more efficient production.

Operating expenses were $7.1 million for the quarter or 12% more than the $6.3 million incurred for the second quarter of fiscal 1991. Planned spending for selling and advertising programs and product development in addition to inflationary increases accounted for the year-to-year increases. There was nothing of an unusual or unexpected nature in the increase.

Other expenses, net, were $1.3 million below the prior year quarter chiefly due to the inclusion of a $1.2 million litigation reserve established last year.

Net income of $1.1 million or $.32 per share was up significantly from the $.2 million or $.05 per share recorded a year ago. Excluding the non-recurring litigation charge, $.7 million after taxes, earnings would have increased 18% from the second quarter of 1991. In addition to the litigation charge already noted, this improvement was attributed to the sales gains and margin improvement.

PART II. OTHER INFORMATION

WOODHEAD INDUSTRIES, INC.

Item 1. Legal proceedings

Reference is made to Item 3, Legal Proceedings in the Company's annual report on Form 10-K for the fiscal year ended September 28, 1991 and Item 1, Legal Proceedings, in the Company's quarterly report on Form 10-Q for the quarter ended March 30, 1991, for a description of a Michigan State court action entitled Richard Hall, et al v. Aero-Motive Company. On May 4, 1992, subsequent to the close of the Company's fiscal 1992 second quarter, Aero-Motive Company, a wholly owned subsidiary of the Company, tentatively settled all of the claims against it in the above referenced suit. Because of adequate reserves, the settlement will result in no charge against the Company's earnings. All of the plaintiffs' claims will be dismissed with prejudice following the settlement.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(11) Computation of earnings per common and common equivalent share

(Amounts in thousands, except per share data-unaudited)	Three Months Ended 3/28/92		Six Months Ended 3/28/92	
	Primary	Fully Diluted	Primary	Fully Diluted
Net Income	$1,060	$1,060	$2,010	$2,010
Weighted average common shares	3,248	3,248	3,242	3,242
Incremental shares issuable for stock options outstanding (Treasury stock method)	86	114	69	114
Common and common equivalent shares	3,334	3,362	3,311	3,356
Earnings per common and common equivalent share	$ 0.32	$ 0.32	$ 0.61	$ 0.60

(b) There were no reports on Form 8-K filed during the quarter ended March 28, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WOODHEAD INDUSTRIES, INC.

Robert G. Jennings
Robert G. Jennings
Vice President - Finance
(Chief Financial Officer)

5/8/92
Date

Joseph P. Nogal
Joseph P. Nogal
Treasurer/Controller
(Chief Accounting Officer)

5/8/92
Date

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MANUALLY
SIGNED
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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(Mark One)

X Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

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For the quarterly period ended January 31, 1992 or

___ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ____________ to ____________

Commission file number 0-17521

ZILA, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction incorporation or organization)

IRS No. 86-0619668
(IRS Employer Identification Number)

5227 North 7th Street, Phoenix, Arizona 85014
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (602)266-6700

(former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No. ____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares of the Company's common stock outstanding as of January 31, 1992 was 21,019,673 shares.

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Exhibit 10
Total pages 12

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ZILA, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
JANUARY 31, 1992 AND JULY 31, 1991

ASSETS	January 31, 1992	July 31, 1991
CURRENT ASSETS:		
Cash and cash equivalents	$1,280,082	$1,125,180
Trade accounts receivable, less allowance for bad debts of $5,000	466,220	490,644
Notes receivable	148,847	
Inventories	301,843	297,011
Prepaid expenses	147,513	91,426
TOTAL CURRENT ASSETS	2,344,505	2,004,261
PROPERTY AND EQUIPMENT - Net of accumulated depreciation of $102,234 (January 31,1992) and $80,829 (July 31, 1991)	719,962	708,230
DEFERRED PATENT AND LICENSING COSTS - Net of accumulated amortization of $201,047 (January 31, 1992) and $186,630 (July 31,1991)	319,145	300,789
	$3,383,612	$3,013,280

LIABILITIES AND SHAREHOLDERS' EQUITY	January 31, 1992	July 31, 1991
CURRENT LIABILITIES:		
Accounts payable	$239,220	$251,114
Accrued royalties	19,782	24,547
Other accrued expenses	80,983	67,503
Deferred revenue		9,000
Current portion of long-term debt	6,136	6,136
TOTAL CURRENT LIABILITIES	346,121	358,300
LONG-TERM DEBT	439,606	442,588
SHAREHOLDERS' EQUITY:		
Preferred stock, $.001 par value - authorized 2,500,000 shares; none issued		
Common stock, $.001 par value - authorized, 50,000,000 shares; issued 21,019,673 shares (January 31, 1992) and 19,867,915 shares (July 31, 1991)	21,020	19,868
Capital in excess of par value	10,418,767	10,097,284
Deficit	(7,841,477)	(7,904,335)
	2,598,310	2,212,817
Less 42,546 common shares held by wholly-owned subsidiary	(425)	(425)
	2,597,885	2,212,392
	$3,383,612	$3,013,280

ZILA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarters ended		Six months ended	
	January 31, 1992	January 31, 1991	January 31, 1992	January 31, 1991
NET SALES	$686,250	$894,003	$1,899,337	$1,929,964
COST OF SALES	84,548	124,880	247,554	274,212
GROSS PROFIT	601,702	769,123	1,651,783	1,655,752
ROYALTIES, net of expenses	18,525	912	37,050	(2,768)
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(714,237)	(762,306)	(1,623,713)	(1,532,900)
(LOSS) INCOME FROM OPERATIONS	(94,010)	7,729	65,120	120,084
OTHER INCOME (EXPENSES):				
Interest income	12,828	12,492	25,468	32,480
Interest expense	(13,415)	(2,414)	(27,730)	(2,414)
	(587)	10,078	(2,262)	30,066
NET INCOME (LOSS)	($94,597)	$17,807	$62,858	$150,150
INCOME PER SHARE	-	-	-	$.01

See notes to consolidated financial statements.

ZILA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended	
	January 31, 1992	January 31, 1991
OPERATING ACTIVITIES:		
Net income	$62,858	$150,150
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	35,822	20,377
Change in assets and liabilities:		
Trade accounts receivable	24,424	(137,842)
Notes receivable	(148,847)	
Inventories	(4,832)	(35,453)
Prepaid expenses	(56,087)	7,365
License fee receivable		35,000
Accounts payable and accrued expenses	(12,179)	(267,963)
Total adjustments	(161,699)	(378,516)
NET CASH USED IN OPERATING ACTIVITIES	(98,841)	(228,366)
INVESTING ACTIVITIES:		
Purchases of property and equipment	(33,128)	(634,959)
Patents and licensing costs incurred	(32,782)	(27,493)
NET CASH USED IN INVESTING ACTIVITIES	(65,910)	(662,452)
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt		450,000
Repayment of long-term debt	(2,982)	
Proceeds from issuance of common stock	322,635	17,361
NET CASH PROVIDED BY FINANCING ACTIVITIES	319,653	467,361
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	154,902	(423,457)
CASH AND CASH EQUIVALENTS, beginning of fiscal year	1,125,180	1,064,723
CASH AND CASH EQUIVALENTS, end of period	$1,280,082	$641,266
CASH PAID FOR INTEREST	$27,730	$2,414

ZILA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. In the opinion of management of Zila, Inc. and subsidiaries (the "Company"), all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included in the consolidated financial statements. The results of operations for the interim period are not necessarily indicative of the results that may be expected for the entire year.

2. The Company considers all highly liquid debt instruments purchased with a maturity of three months or less, including interest bearing commercial paper, to be cash equivalents.

3. Income per share is computed on the weighted average number of shares outstanding during each period after giving effect for any dilutive stock options and warrants which are considered to be common stock equivalents. Income per share has been computed using the modified treasury method as required when options and warrants exceed 20% of the weighted average common shares outstanding.

	January 31, 1992	January 31, 1991
Weighted average common shares outstanding:		
Quarter ended	20,443,658	17,986,515
Six months ended	20,232,202	17,531,448

4. Inventories consist of the following:

	January 31, 1992	July 31,1991
Finished goods	$ 166,964	$ 187,355
Empty tubes and packaging materials	134,879	109,656
	$ 301,843	$ 297,011

5. The Company expects to report income before income taxes for the year ending July 31, 1992; however, the Company has net operating loss carryforwards of approximately $7,895,000 to offset taxable income.

6. The Company has obtained a $250,000 revolving bank line of credit which is collateralized by trade accounts receivable, inventories and rights to payment. Interest is payable monthly on the unpaid balance at the rate of one and three quarters percent (1.75%) more than the prime rate of interest charged by the bank. The Company has not borrowed against this line of credit.

7. Notes receivable consist of notes from two officers for withholding taxes due upon option exercise. Such notes are due December 31, 1992, with interest at 5.12%. On March 11, 1992, $100,000 was paid to the Company with respect to one of the notes. The Company also loaned $218,228 to two other officers in January 1992. Such amount was repaid to the Company by January 31, 1992.

ZILA, INC. AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Conditions and Results of Operations

Results of Operations:

For the quarter ended January 31, 1992, the Company had a net loss of $94,597 compared to net income of $17,807 for the quarter ended January 31, 1991. For the six month period ended January 31, 1992, the Company had net income of $62,858 compared to net income of $150,150 for the six month period ended January 31, 1991.

Sales during the second quarter of this fiscal year totaled $686,250, compared to $894,003 during the second quarter of the previous fiscal year, a 23.2% decrease. For the first six months of this fiscal year, sales were $1,899,337 compared to $1,929,964 for the same period of the prior fiscal year, a 1.6% decrease. Management believes the second quarter was affected by slower economic conditions. In Addition, the Company took steps during the second quarter of fiscal year 1992 to curtail potentially damaging actions by certain accounts to divert the Company's products. Diversion of products can result from the abuse of the Company's first time buyer allowances by accounts who then resell such products at reduced prices to the Company's regular customers. To counter this diverting, during the closing weeks of the second quarter, the Company traced diverting transactions and refused orders totalling more than $275,000. Management believes that it must maintain a reputation that will prevent diverters from undermining the Company's ability to service its customers directly.

Trends in the Company's current order pattern suggest that the supply of product that could be diverted is nearly exhausted. Because industry statistics show that the Company's products continue to gain in unit sales and category position, management believes that the volume turned away in the second quarter should be recovered during the remaining months of calendar year 1992.

In the second quarter ended January 31, 1992, cost of sales decreased 32.3% from the same period last year, $124,880 to $84,548. For the six month period ended January 31, 1992, cost of sales decreased 9.7% from the same period last year, $274,212 to $247,554. These changes were primarily related to the decrease in the number of units sold. Also, the percentage of cost of sales to net sales decreased from 14.0% in the quarter ended January 31, 1991 to 12.3% in the quarter ended January 31, 1992 and from 14.2% to 13.0% for the six month periods in 1991 and 1992, respectively. These changes were primarily due to product and new customer promotional discounts. The Company's manufacturing costs continue to be favorable as a result of a contract with Kolmar Laboratories, Inc., its primary product manufacturer.

Selling, general and administrative expenses decreased $48,069, from $762,306 in the second quarter of fiscal 1991 to $714,237 in the second quarter of fiscal 1992, and increased $90,813, from $1,532,900 during the first six months of fiscal

1991 to $1,623,713 during the six months of fiscal 1992. Of such decreases, approximately $36,000 for the quarter and $16,000 for the six months ended January 31,1992 as compared to the same periods in the last fiscal year were attributable to decreased sales commission, product liability insurance and freight charges resulting from the Company's decreased sales volume. Royalties and partnership commissions paid by the Company decreased approximately $101,000 for the quarter and $198,000 for the six months as a result of the buyout of the Daleco Partnership obligation consummated in the 1991 fiscal year. Marketing and sales expenses decreased approximately $16,000 for the quarter primarily as a result of a decrease in trade show participation and promotional expenses. For the six months ended January 31, 1992 marketing and sales expenses increased approximately $76,000 primarily as a result of increased trade show participation, advertising and promotion in the first quarter of fiscal year 1992. Administrative expenses increased approximately $70,000 for the quarter and $112,000 for the six months ended January 31, 1992, due to professional services, travel, public and shareholder relations. Internal funding of product development, primarily related to products the Company plans to introduce this year, increased approximately $36,000 for the quarter and $117,000 for the six months over the same periods of the previous fiscal year.

Interest income increased to $12,828 in the second quarter of fiscal year 1992 from $12,492 in the second quarter of fiscal year 1992. For the six months ended January 31, 1992 interest income decreased $7,012 to $25,468 from the same period last year primarily due to the decrease in interest rates and the need for additional working capital. The increase in interest expense, $11,001 for the quarter and $25,316 for the six month period over the same periods last year was primarily related to the purchase of the Company's office building in February 1991. Net royalties were $18,525 in the quarter ended January 31, 1992 compared to $912 in the quarter ended January 31, 1992. For the six months ended January 31, 1992, net royalties were $37,050 compared to net expense of $2,768 for the six months ended January 31, 1991.

The Company's primary marketing thrust continues to be attendance at professional and trade meetings preceded by direct mailings to attendees in selected areas. At the meetings, contact is made with the health care professionals (dentists, physicians, pharmacists, hygienists) who prescribe and recommend the Company's products and with the buyers of major pharmacy chains and wholesalers who place the orders for the Company's product line. New products and recently completed clinical information is highlighted during these contacts.

During the second quarter of fiscal year 1992, the Company participated in nine meetings. Four were general dental, three other meetings were specialty groups including the national meeting of dermatologists, the American military surgeons meeting and a meeting of consulting pharmacists. The Company also attended meetings of The National Association of Service Merchandisers and the National Food Brokers Association, organizations whose members cater to the retailers that stock the Company's products.

The Company's licensees also report progress. Bausch & Lomb completed their first year of sales in Canada and met their projected goal. This is particularly significant because Bausch & Lomb was out of inventory for two months due to a packaging problem which has since been corrected. It is worthy to note that the Canadian introduction of Zilactin(TM) was rated as one of 1991,s top ten pharmaceutical introductions in Canada by Drug Merchandising, a Canadian publication.

Two of three regulatory hurdles have now been cleared paving the way for introduction of Zilactin(TM) into the United Kingdom. These approvals will also help with the European regulatory clearance.

The MGI Pharma product, Oratect, which is licensed under the Zilactin(TM) patents, has been met with a very positive response by users. The early response from retailers was also very positive and distribution is building. A packaging reconfiguration was also implemented which will bring down the unit sale price.

Liquidity and Capital Resources

At July 31, 1991, the Company had net working capital of $1,645,961, and a current ratio of 5.6 to 1. At January 31, 1992, the Company had net working capital of $1,998,384, and a current ratio of 6.8 to 1. This increase in the current ratio was due to reduction of current liabilities, generation of earnings and the exercise of warrants and options for the purchase of the Company's common stock.

As of January 31, 1992, the any had no material commitments for capital expenditures. The Company does not believe there are any known trends, demands, commitments, events or uncertainties which are likely to significantly affect the Company's liquidity.

Management believes that continued growth in the Company's sales will provide sufficient funding for the Company's current operations for the next twelve months. The Company may require additional financing to support production of its products in quantities sufficient to support market expansion. In anticipation of these potential requirements, the Company has obtained a $250,000 line of credit with the Valley National Bank of Arizona.

Part II - Other Information

Item 4 - Submission of matters to a vote of security holders.

(a) The Company held its Annual Meeting on December 13, 1991.

(b) Joseph Hines, Clarence J. Baudhuin, Kobo Fukutaki, Edwin D. McKay, M.D., Carl A. Schroeder, James E. Tinnell, M.D., and H. Ray Cox were elected directors of the Company at the Annual Meeting.

(c) At the Annual Meeting, the Company's stockholders ratified Deloitte & Touche as auditors for the Company for 1991 fiscal year. The vote was as follows:

Votes for	Votes withheld	Votes against
14,556.547	113,490	13,523

(d) Not applicable.

Item 5 - Other information

On December 10, the Company publicly announced that it had entered into letters of agreement with Medical Polymers of Sacramento, California for the exclusive right to manufacture and distribute Medical Polymers' line of products. Such letters of agreement provided for Medical Polymers' assignment to the Company of certain proprietary rights embodied in the Medical Polymers products. At the time of the public announcement, management of the Company believed that it had reached an agreement with Medical Polymers that was to be memorialized in final documentation.

Since the time of the public announcement, Medical Polymers proposed changes to the material terms and conditions of the letters of agreement. Such proposed changes would have significantly reduced the economic benefit to the Company and thus were unacceptable to the Company. Medical Polymers has refused to execute any final documentation relating to the terms and conditions set forth in the letters of agreement. Consequently the Company's Board of Directors has authorized the institution of legal action against Medical Polymers to require Medical Polymers to perform in accordance with the terms and conditions which the Company believes there was previous agreement, and to recover costs and damages incurred by the Company arising out of Medical Polymers failure to perform.

Also, during the second quarter, two new patents were issued to the Company covering extensions and additions of the technology embodied in the Zilactin(TM) family of gel products until the year 2009.

In addition, during the second quarter the Company entered into two assignment and royalty agreements (the "CTM Agreement and the "CRA Agreement", respectively).

CTM Agreement

The CTM Agreement is between CTM Associates, Inc. ("CTM") and the Company and provides for the assignment by CTM to the Company of CTM's present and future rights in OrasCan and certain associated patent rights and related formulae, techniques, manufacturing, trade secrets and other information as well as all trademarks of other symbols to be used in connection with OrasCan. OrasCan is a proprietary pharmaceutical product developed by CTM for the detection of oral cancer.

CRA Agreement

The CRA Agreement is between CRA and the Company and provides for the assignment by CRA to the Company of CRA's present and future rights in PeriGel and related formulae, techniques, manufacturing, trade secrets and other information as well as all trademarks or other symbols to be used with PeriGel. PeriGel is a dentifrice system developed by CRA which comprises a first tube containing baking soda toothpaste and a second tube containing a hydrogen peroxide gel.

Item 6 - Exhibits and Reports on Form 8-K

(a) No exhibits are required by Item 601 of Regulation S-K

(b) No reports on Form 8-K were filed with the Securities and Exchange Commission during the quarter ended January 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date March 13, 1992

By
Joseph Hines
President, Chairman of the Board
(Principal Executive Officer)

By
Clarence J. Baudhuin
Executive Vice President of
Finance & Administration,
Treasurer, Director
(Principal Financial &
Accounting Officer)

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Page 1 of 3 pages
No Exhibits

RECD S.E.C.
MAR 12 1992

FORM 10-Q

V
92-2244

SECURITIES & EXCHANGE COMMISSION
Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended January 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15([illegible]) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transaction period from __________ to __________.

PROCESSED BY
373=F
MAR 24 1992
Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Commission File Number 1-989

FAIRVIEW MOUNTAIN GOLD, I
(Exact name of registrant as specified [illegible]arter)

Washington
(State of incorporation or organization)

92-0114277
(IRS employer identification number)

P.O. Box 520149, Big Lake, Alaska 99552
(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code: (907)892-5297

Indicate by check mark whether the registrant (1) has filed all annual, quarterly and other reports required to filed with the Commission and (2) has been subject to the filing requirements for at least 90 days.

Yes __X__ No ______.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

5,833,332 shares
Common Stock, $.001 par value, outstanding at March 1, 1992

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FORM 10-Q

FOR THE QUARTER ENDED JANUARY 31, 1992

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Part I. Financial Information:	
Registrant is a mining company, engaged primarily in the exploration for mineral deposits and is not in the production state. As a result, registrant has not filed information required under Part I, pursuant to the provision of Rule 13(a)-13(c) (3) of the Securities Exchange Act of 1934.	N/A
Part II. Other Information:	
Items 1, 2, 3, 4, 5 and 6 of Part II are omitted from this report as inapplicable.	N/A
Signatures	3

FAIRVIEW MOUNTAIN GOLD, INC.

FORM 10-Q

FOR THE QUARTER ENDED JANUARY 31, 1992

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FAIRVIEW MOUNTAIN GOLD, INC.

By /s/ Stephen [illegible] Work.

President, Sole Director,
Chief Accounting Officer
and duly authorized officer

Date: March 11, 1992